



Llywodraeth Cymru
Welsh Government

WELSH GOVERNMENT

Supplementary Budget

2022-2023

Explanatory Note

June 2022

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1. Introduction

- 1.1** The Welsh Government today tabled the first supplementary budget for 2022-23 in accordance with Standing Order 20. This supplementary budget proposes changes to the Final Budget for 2022-23 as approved by Senedd Cymru ('the Senedd') on 8 March 2022.
- 1.2** This supplementary budget regularises allocations to and from reserves, transfers within and between portfolios and includes adjustments to the Wales budget to reflect the impact of UK Government fiscal events.
- 1.3** The changes proposed in this budget are summarised in the following chapters.
- 1.4** This document supports the detailed 'Budget Expenditure Line (BEL) Tables' available on the Welsh Government's website.

2. Key Allocations

2.1 The Welsh Government's Response to the War in Ukraine

Welsh Government has made a clear commitment to welcome those escaping the conflict in Ukraine. Wales is a Nation of Sanctuary and our Team Wales approach has played a full role in delivering other resettlement programmes for those fleeing Syria and Afghanistan.

In order to create a safe and fast route to Wales, we have acted as a super sponsor under the Homes for Ukraine scheme and committed to welcoming an initial 1000 individuals to Wales via this route.

As of 9 June, we had already seen nearly 600 people arrive in the UK under the Welsh Government Super Sponsor route and that continues to increase substantially every day.

Through this supplementary budget, **£20m** has been allocated to support our response to the crisis in Ukraine.

We have established, in partnership with Local Authorities and a range of organisations, a network of Welcome Centres across Wales. That network continues to grow and we are drawing on temporary accommodation as we flex our accommodation and support offer to meet demand from arrivals. At the same time, we are working with Local Authorities to support people to move into sustainable, next stage accommodation.

A national Contact Centre and helpline and network of Arrival Hubs have also been established to support the arrival of people. The Contact Centre plays an absolutely critical role in establishing travel plans, enabling the flow of people into Wales and ensuring everyone is matched to appropriate accommodation and support.

We are also developing a Homes for Ukraine Data Platform that will support the significant requirement for data sharing from the Home Office, to Welsh Government and onwards to Welcome Centres, Contact Centre, Local Authorities and Health Boards. It will enable us to maintain a national picture, support financial reporting and claims and facilitate safe transfer of people between Local Authorities.

2.2 Implementation of International Financial Reporting Standard 16 (IFRS16) - Leases

The first supplementary budget of 2022-23 actions the budgetary effects of the changes to the way in which leasing arrangements are reflected in Welsh Government budgets following the implementation of IFRS16.

IFRS16 is a new accounting standard that sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard requires the majority of leases, other than those for low value items or for less than one year, to be treated in the financial statements comparably to owned assets.

The new standard was adopted by the public sector from 1st April 2022. The budgeting treatment for leases changed in line with the accounting from this date, impacting our budget requirements.

IFRS16 brings the vast majority of leases onto the balance sheet. For those leases, there are three impacts on resource (RDEL) and capital (CDEL) budgets:

- capital expenditure (CDEL) at lease commencement, for the asset recognised on-balance sheet;
- ringfenced depreciation (RDEL non-fiscal), due to depreciation on the leased asset over the life of the lease; and
- non-ringfenced resource expenditure (RDEL fiscal) for the interest incurred over the life of the lease.

There are small impacts on Annually Managed Expenditure (AME) budgets, both capital and revenue in respect of 'peppercorn' leases (i.e., leases with a nominal level of lease payment) and provisions for dilapidations.

The charge to CDEL only applies to new and renewed leases from 2022-23. Depreciation and interest will apply to all leases assessed under IFRS16 from 2022-23.

The budget reclassification implications of adopting IFRS16 are being met by HM Treasury for the current Spending Review period i.e., 2022-23 to 2024-25. The WG's budget settlement for 2022-23 following the UK Main Estimates reflect the reclassification for IFRS16 implementation. As the previous settlement included RDEL for the lease payments on existing leases, part of the reclassification is a reduction to the RDEL (fiscal) budget as this is no longer

needed. Cash will continue to be available to make lease payments, but these will no longer be reflected through RDEL (fiscal) budgets.

The implementation of IFRS16 does not affect existing spending power. The adjustments in this supplementary budget reflect the changes to how leasing arrangements within existing plans are now required to be reported in budgets.

The implementation of IFRS 16 also applies to the Senedd Commission, Public Services Ombudsman Wales and Audit Wales. Where necessary, each of those bodies have provided an Explanatory Memorandum to the Finance Committee setting out the changes required. Those changes are now reflected in this supplementary budget.

The overall adjustment to the Welsh budget as a result of IFRS16 implementation is a:

- Reduction to RDEL (fiscal) of £80.241m;
- Increase to RDEL (non-fiscal) of £83.810m; and
- Increase to CDEL (capital) of £284.289m

Details of the affected MEGs can be found in table 6.1 of Chapter 6.

Table 2 sets out the adjustments required to the 2022-23 budget.

Table 2 – Changes to Budgets to Reflect IFRS16 Requirements

MEG Allocations:	DEL			AME	
	Revenue (fiscal)	Revenue (Non-fiscal)	Capital	Resource	Capital
	£m	£m	£m	£m	£m
Health & Social Services	-34.554	34.144	85.600	1.666	0.440
Finance & Local Government	0	0	0	0	0
Education & The Welsh Language	-0.186	0.210	0.548	0	0
Climate Change	-39.588	40.652	198.090	0	0
Economy	-2.308	3.229	0.035	0	0
Rural Affairs	-0.022	0	0	0	0
Social Justice	-0.103	0.103	0	0	0
Central Services & Administration	-1.140	1.577	0	0	0
TOTAL	-77.901	79.915	284.273	1.666	0.440

Direct Funded Bodies	DEL			AME	
	Revenue (fiscal)	Revenue (Non-fiscal)	Capital	Resource	Capital
	£m	£m	£m	£m	£m
PSOW	-0.190	0.201	0	0	0.015
Senedd Commission	-1.732	3.274	0.016	0	0
Audit Wales	-0.418	0.420	0	0	0
TOTAL	-2.340	3.895	0.016	0	0.015
TOTAL	-80.241	83.810	284.289	1.666	0.455

3. Changes to the Wales Budget since Final Budget 2022-23

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	2022-23 Final Budget	Changes	2022-23 Supplementary Budget New Plans June 2022
	£000s	£000s	£000s
RESOURCE FINANCING			
Departmental Expenditure Limit (DEL):			
Fiscal	15,245,306	27,780	15,273,086
Non-Fiscal	1,519,960	262,771	1,782,731
Drawdown from the Wales Reserve	34,000	0	34,000
Annually Managed Expenditure (AME):			
Fiscal	28,063	0	28,063
Non-Fiscal	191,034	1,666	192,700
Wales Devolved Financing:			
Non-Domestic Rates	1,030,000	0	1,030,000
Welsh Rate of Income Tax	2,477,747	0	2,477,747
Land Transaction Tax	380,542	0	380,542
Landfill Disposals Tax	35,188	0	35,188
Principal repayment of borrowing	-6,164	3,688	-2,476
TOTAL RESOURCE FINANCING	20,935,676	295,905	21,231,581
CAPITAL FINANCING			
Departmental Expenditure Limit (DEL):			
General	2,377,963	339,307	2,717,270
Financial Transactions	265,026	0	265,026
Annually Managed Expenditure (AME):			
Capital	1,051,366	440	1,051,806
Wales Devolved Financing:			
Borrowing	150,000	0	150,000
TOTAL CAPITAL FINANCING	3,844,355	339,747	4,184,102
TOTAL WELSH FINANCING	24,780,031	635,652	25,415,683

Table 3.2 – Allocation of the Wales Budget

MAIN EXPENDITURE GROUPS (MEGs)	£000s			
	2022-23 Final Budget	Changes	2022-23 Supplementary Budget New Plans June 2022	
Health and Social Services	10,319,038	125,653	10,444,691	
Finance and Local Government	5,681,732	66,922	5,748,654	
Education and the Welsh Language	3,476,108	9,121	3,485,229	
Climate Change	2,911,478	195,092	3,106,570	
Economy	530,738	-6,501	524,237	
Rural Affairs	393,162	-91	393,071	
Social Justice	274,144	2,208	276,352	
Central Services and Administration	356,710	1,970	358,680	
Total Allocation to Welsh Government MEGs	23,943,110	394,374	24,337,484	
Unallocated Resource	Fiscal Resource	100,143	52,162	152,305
	Non-Fiscal Resource	520,374	178,832	699,206
Unallocated Capital	Financial Transactions	213,084	1,020	214,104
General Capital Over Allocation		-75,715	7,487	-68,228
Senedd Commission ^{Note 1}		62,942	2,061	65,003
Public Services Ombudsman for Wales ^{Note 2}		5,337	51	5,388
Wales Audit Office ^{Note 3}		8,608	-354	8,254
Electoral Commission		1,400	19	1,419
Direct Charges to the Welsh Consolidated Fund		748	0	748
TOTAL WELSH BUDGET	24,780,031	635,652	25,415,683	

Notes

1. A supplementary budget for 2022-23 was presented to Plenary by The Senedd Commission in May 2022. It reported a decrease of £1,355k in its fiscal resource, an increase of £3,400k in its non-fiscal resource and an increase of £16k in its general capital.

2. A supplementary budget for 2022-23 was presented to the Finance Committee by the Public Service Ombudsman for Wales (PSOW) on 20 April 2022. It reported a decrease in its fiscal resource of £153k and an increase in its non-fiscal resource of £204k.
3. A supplementary budget for 2022-23 was presented to the Finance Committee for the Wales Audit Office on 9 June 2022. It reported a decrease in fiscal resource of £774k and an increase in non-fiscal resource of £420k.

Table 3.3 – Changes to the Welsh Government MEG Resource Allocations

MAIN EXPENDITURE GROUPS (MEGs)	£000s					
	FISCAL			NON-FISCAL		
	2022-23 Final Budget	Changes	2022-23 Supplementary Budget New Plans June 2022	2022-23 Final Budget	Changes	2022-23 Supplementary Budget New Plans June 2022
Health and Social Services	9,535,351	3,953	9,539,304	257,956	34,144	292,100
Finance and Local Government	4,485,271	19,411	4,504,682	421	0	421
Education and the Welsh Language	1,754,758	8,363	1,763,121	459,895	210	460,105
Climate Change	927,391	-43,650	883,741	239,121	40,652	279,773
Economy	390,823	-8,915	381,908	11,598	3,229	14,827
Rural Affairs	345,145	-91	345,054	10,817	0	10,817
Social Justice	227,427	2,105	229,532	158	103	261
Central Services and Administration	326,490	393	326,883	17,020	1,577	18,597
Total Allocation to Welsh Government MEGs	17,992,656	-18,431	17,974,225	996,986	79,915	1,076,901

Table 3.4 – Changes to the Welsh Government MEG Capital Allocations

MAIN EXPENDITURE GROUPS (MEGs)	£000s					
	GENERAL CAPITAL			FINANCIAL TRANSACTIONS		
	2022-23 Final Budget	Changes	2022-23 Supplementary Budget New Plans June 2022	2022-23 Final Budget	Changes	2022-23 Supplementary Budget New Plans June 2022
Health and Social Services	339,311	85,450	424,761	0	0	0
Finance and Local Government	166,040	47,531	213,571	0	-20	-20
Education and the Welsh Language	355,300	548	355,848	1,093	0	1,093
Climate Change	1,575,511	198,090	1,773,601	69,062	0	69,062
Economy	102,501	185	102,686	-19,709	-1,000	-20,709
Rural Affairs	37,200	0	37,200	0	0	0
Social Justice	17,000	0	17,000	1,496	0	1,496
Central Services and Administration	10,000	0	10,000	0	0	0
Total Allocation to Welsh Government MEGs	2,602,863	331,804	2,934,667	51,942	-1,020	50,922

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 chapter 6.

Adjustments to Sources of Finance

Fiscal Resource

- 3.3** The Fiscal Resource baseline has increased by a net amount of £27,780k comprising:
- An increase from Barnett consequentials totalling £63,907k and comprising:
 - £26,825k in respect of funding announced in the UK Spring Statement 2022; and
 - £37,082k received at the UK Government's Main Estimates in May 2022;
 - A transfer in of £39,264k from the Home Office in respect of the Immigration Health Surcharge;
 - A transfer in of £3,502k from HM Treasury in respect of Financial Advice Services;
 - A transfer in of £636k in respect of cyber resilience;
 - A transfer in of £493k from the Ministry of Justice in respect of the Shared Outcomes Fund;
 - A transfer in of £96k from HMRC in respect of the tax conditionality to Local Authorities;
 - A transfer out of £80,004k in respect of the implementation of IFRS16;
 - A transfer out of £100k to HM Treasury in respect of funding the Office for Budget Responsibility for work undertaken on devolved tax forecasts; and
 - A transfer out of £14k to Cabinet Office in respect of the Welsh Government's contribution to 'Civil Service Live 2022'.

Non-Fiscal Resource

3.4 Since the Final Budget the non-fiscal resource baseline has increased by £262,771k, comprising:

- An increase to the baseline of £62,530k in February 2022 to bring the budget in line with 2021-22;
- An increase from Barnett consequentials totalling £115,066k received at the UK Government's Main Estimates in May 2022; and
- A transfer in of £85,175k in respect of the implementation of IFRS16.

Wales Devolved Financing

3.5 There are no changes to the devolved tax income in this supplementary budget – forecasts continue to reflect those published at the time of the Final Budget.

The amount required to repay principal borrowing has reduced since Final Budget as the Welsh Government did not utilise its capital borrowing facility in 2021-22. This increases the amount of financing available by £3,688k.

General Capital

3.6 The general capital baseline has increased by £339,307k received as a result of the Main Estimates in May 2022 and comprising:

- An increase from Barnett consequentials totalling £7,487k;
- An increase in non-Barnett additions of £47,531k in respect of funding for City and Growth Deals; and
- An increase of £284,289k in respect of the implementation of IFRS16.

Financial Transactions Capital

3.7 There has been no change to the baseline ring-fenced for financial transaction capital since the Final Budget.

Table 3.5 – Summary of the Welsh Government MEG Total Allocations

2022-23 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	9,539,304	292,100	9,831,404	424,761	0	424,761	188,086	440	188,526	10,444,691
Finance and Local Government	4,504,682	421	4,505,103	213,571	-20	213,551	1,030,000	0	1,030,000	5,748,654
Education and the Welsh Language	1,763,121	460,105	2,223,226	355,848	1,093	356,941	-146,304	1,051,366	905,062	3,485,229
Climate Change	883,741	279,773	1,163,514	1,773,601	69,062	1,842,663	100,393	0	100,393	3,106,570
Economy	381,908	14,827	396,735	102,686	-20,709	81,977	45,525	0	45,525	524,237
Rural Affairs	345,054	10,817	355,871	37,200	0	37,200	0	0	0	393,071
Social Justice	229,532	261	229,793	17,000	1,496	18,496	28,063	0	28,063	276,352
Central Services and Administration	326,883	18,597	345,480	10,000	0	10,000	3,200	0	3,200	358,680
TOTAL ALLOCATIONS TO WELSH GOVERNMENT MEGs	17,974,225	1,076,901	19,051,126	2,934,667	50,922	2,985,589	1,248,963	1,051,806	2,300,769	24,337,484

4. Transfers between Ministerial Portfolios

4.1 There have been multiple transfers between Ministerial portfolios in this supplementary budget totalling £14,561k. The net impact of the transfers on each of the MEGs is summarised in the table below:

	Near Cash			Capital		
	To	From	Net Transfers	To	From	Net Transfers
H&SS	0	-1,250	-1,250	0	-150	-150
F&LG	1,795	-419	1,376	0	0	0
E&WL	10,301	-1,752	8,549	0	0	0
CC	0	-4,062	-4,062	0	0	0
Economy	63	-6,670	-6,607	150	0	150
RA	0	-69	-69	0	0	0
SJ	1,241	-89	1,152	0	0	0
CS&A	1,011	-100	911	0	0	0
	14,411	-14,411	0	150	-150	0

4.2 Details of the transfers in excess of £1m are as follows:

Fiscal Resource

4.3 Three transfers totalling £6,241k from the Economy MEG to the Education and Welsh Language MEG. These comprise:

- £3,151k from the Apprenticeships BEL to the Higher Education Funding Council for Wales (HEFCW) Programme Expenditure BEL for Degree Apprenticeships; and
- £3,090k from the Employability Including Young Persons Guarantee BEL to the Post-16 Provision BEL comprising:
 - £1,750k in respect of Personal Learning Accounts; and
 - £1,340k in respect of Employment Bureaus.

4.4 A transfer of £3,700k from the Homelessness BEL within the Climate Change MEG to the Youth Engagement and Employment BEL within the Education & Welsh Language MEG in respect of Youth Homelessness.

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- 4.5** A transfer of £1,600k from the School Standard Support BEL within the Education & Welsh Language MEG to the Estyn Programme Expenditure BEL within the Finance and Local Government MEG in order to provide additional funding for Estyn.

5. Transfers within Ministerial Portfolios

5.1 In addition to the transfers between Ministerial Portfolios detailed in chapter 4, there are a number of transfers between BELs within the same portfolios which are included within the published BEL Tables. These are generally administrative in nature and have no net effect on the individual MEG totals. The MEGs where these transfers exceed £1m are detailed below:

Health and Social Services

5.2 Multiple resource transfers totalling £51,138k have taken place between BELs within the Health and Social Services MEG. In summary, these transfers:

- correctly align the allocations to Local Health Boards; and
- align allocations to fund specific commitments.

Education and the Welsh Language

5.3 Multiple resource transfers totalling £2,836k have taken place between BELs within the Education and Welsh Language MEG, the most significant of which relates to:

- £1,600k transferred from the HEFCW Programme Expenditure BEL to the International Learning Exchange Programme BEL in respect of 'Global Wales III'.

Climate Change

5.4 Multiple resource transfers totalling £3,156k and capital transfers totalling £4,010k have taken place between BELs within the Climate Change MEG, the most significant of which are:

- £2,439k resource transferred from the Homelessness BEL to the Housing Support Grant BEL following an internal review of the Homelessness Prevention Grant and alignment with the Housing Support Grant; and

- £4,010k capital transferred from the Forestry BEL in order to address Programme for Government commitments, £2,900k of which transferred to the Landscape and Outdoor Recreation BEL.

Economy

5.5 Three resource transfers totalling £11,135k have taken place between BELs within the Economy MEG.

All involve the Employability Including Young Persons Guarantee BEL and the details are as follows:

- £8,000k to the Communities for Work BEL to allow the Communities for Work Plus programme to maintain its 2021-22 level without reducing programme capacity and avoiding potential redundancies;
- £2,000k to the Business Wales BEL to support young people under 25 years, learn about business and take active steps to becoming self-employed; and
- £1,135k from the Apprenticeships BEL in respect of the Inspiring Skills Excellence in Wales project.

Central Services and Administration

5.6 A single resource transfer of £1,263k and three capital transfers totalling £5,855k have taken place between BELs in the Central Services and Administration MEG. The details are as follows:

- £1,236k resource transferred from the Central EU Transition Costs BEL to the Staff Costs BEL for the cost of the Social Partnership and the Trade Policy Team; and
- £5,855k from the General Administration Expenditure BEL in order to align budgets to delegated responsibilities, comprising:
 - £3,255k to the IT Costs BEL;
 - £1,500k to the Enabling Government BEL; and
 - £1,100k to the Central Research BEL.

6. Changes to Reserves

6.1 This budget regularises a number of allocations to and from reserves. A full list can be found in table 6.1.

Allocations from Fiscal Resource Reserves

6.2 Allocations totalling £63,864k have been made from fiscal resource reserves in this supplementary budget. These comprise £2,415k relating to the implementation of IFRS16, plus the following MEG allocations:

- Health and Social Services:
 - £39,264k to the Core NHS Allocations BEL in respect of the Immigration Health Surcharge; and
 - £493k to the Substance Misuse Action Plan Fund BEL in respect of the Shared Outcomes Fund.
- Finance and Local Government:
 - £20,000k to the Emergency Financial Assistance BEL in respect of the package of support for Ukraine.
- Social Justice:
 - £1,056k to the Advice Services BEL in respect of debt advice; and
- Central Services and Administration:
 - £636k to the Cyber Resilience BEL.

Transfers to Fiscal Resource Reserves

6.3 Transfers totalling £82,295k have been made into fiscal resource reserves in this supplementary budget. These comprise:

- £80,316k relating to the implementation of IFRS16;
- £1,865k from the Finance and Local Government MEG relating to the decrease in the cost of borrowing; and
- £114k from multiple MEGs to cover the cost of transfers to other Government Departments actioned at Main Estimates.

Full details of these transfers can be found in table 6.1 below.

Allocations from Non-Fiscal Resource Reserves

6.4 Allocations totalling £79,915k have been made from non-fiscal resource reserves in this supplementary budget. All of these allocations relate to the implementation of IFRS16.

Allocations from General Capital Reserves

6.5 Allocations totalling £331,804k have been made from general capital reserves in this supplementary budget. These comprise:

- £284,273k relating to the implementation of IFRS16; and
- £47,531k to the Finance and Local Government MEG in respect of Growth Deals;
 - £22,000k relating to Cardiff City;
 - £13,086k relating to Swansea Bay; and
 - £12,445k relating to North Wales.

Allocations to Financial Transaction Capital Reserves

6.6 There have been two transfers back to the financial transaction capital reserves in this supplementary budget:

- £1,000k from the Sports Capital Loans Scheme BEL in the Economy MEG relating to the repayment of loans; and
- £20k from the Invest to Save Repayment BEL in the Finance and Local Government MEG relating to the Looked After Children Project.

Table 6.1 below reflects all the movements on reserves:

Table 6.1 - Changes to the 2022-23 Reserves since Final Budget and the Allocations from Reserves being made in this Supplementary Budget

	£000s						
	Fiscal Resource	Non-Fiscal Resource	Total Resource	General Capital	Financial Transaction Capital	Total Capital	Total
Reserves as per Final Budget	100,143	520,374	620,517	-75,715	213,084	137,369	757,886
Transfers & Consequentials since the Final Budget	27,780	262,771	290,551	339,307	0	339,307	629,858
Reduction in the principal repayment of borrowing	3,688	0	3,688	0	0	0	3,688
Revised Reserves	131,611	783,145	914,756	263,592	213,084	476,676	1,391,432
CHANGES:							
HEALTH & SOCIAL SERVICES							
IFRS 16:	-34,554	34,144	-410	85,600	0	85,600	85,190
Core NHS Allocations	-29,860	31,691	1,831	85,600	0	85,600	87,431
Digital Health and Care Wales	-1,920	1,900	-20	0	0	0	-20
Health Education Improvement Wales	-305	300	-5	0	0	0	-5
Public Health Wales	-2,215	0	-2,215	0	0	0	-2,215
Social Care Wales	-254	253	-1	0	0	0	-1

Others:	39,757	0	39,757	0	0	0	39,757
Core NHS Allocations - Immigration Health Surcharge advance from the Home Office	39,264	0	39,264	0	0	0	39,264
Substance Misuse Action Plan Fund - Shared Outcomes Fund funding from the Ministry of Justice	493	0	493	0	0	0	493
HEALTH & SOCIAL SERVICES	5,203	34,144	39,347	85,600	0	85,600	124,947
FINANCE AND LOCAL GOVERNMENT							
Others:	18,035	0	18,035	47,531	-20	47,511	65,546
Emergency Financial Assistance - Package of Support for Ukraine	20,000	0	20,000	0	0	0	20,000
Devolved Taxes - Costs of OBR providing independent tax forecasts	-100	0	-100	0	0	0	-100
Cost of Borrowing - Reduction in the cost of borrowing	-1,865	0	-1,865	0	0	0	-1,865
City and Growth Deals - North Wales Growth Deal	0	0	0	12,445	0	12,445	12,445
City and Growth Deals - Swansea Bay Growth Deal	0	0	0	13,086	0	13,086	13,086
City and Growth Deals – Cardiff City Deal	0	0	0	22,000	0	22,000	22,000
Invest to Save - Repayment	0	0	0	0	-20	-20	-20
FINANCE AND LOCAL GOVERNMENT	18,035	0	18,035	47,531	-20	47,511	65,546
EDUCATION AND THE WELSH LANGUAGE							
IFRS 16:	-186	210	24	548	0	548	572
Qualifications Wales	-92	114	22	548	0	548	570
Welsh Language Commissioner	-94	96	2	0	0	0	2
EDUCATION AND THE WELSH LANGUAGE	-186	210	24	548	0	548	572

CLIMATE CHANGE							
IFRS 16:	-39,588	40,652	1,064	198,090	0	198,090	199,154
Transport for Wales	-39,588	40,652	1,064	198,090	0	198,090	199,154
CLIMATE CHANGE	-39,588	40,652	1,064	198,090	0	198,090	199,154
ECONOMY							
IFRS 16:	-2,308	3,229	921	35	0	35	956
Business & Regional Economic Development	274	269	-5	0	0	0	-5
Property Infrastructure	-1,146	2,168	1,022	0	0	0	1,022
Employability Including Young Persons Guarantee	-664	550	-114	35	0	35	-79
Arts Council of Wales	-123	141	18	0	0	0	18
Cadw	-2	2	0	0	0	0	0
Royal Commission on the Ancient and Historical Monuments for Wales	-95	95	0	0	0	0	0
Sport Wales	-4	4	0	0	0	0	0
Others:	0	0	0	0	-1,000	-1,000	-1,000
Sport Wales - Repayable WRU loan	0	0	0	0	-1,000	-1,000	-1,000
ECONOMY	-2,308	3,229	921	35	-1,000	-965	-44
RURAL AFFAIRS							
IFRS 16:	-22	0	-22	0	0	0	-22
TB Eradication	-22	0	-22	0	0	0	-22
RURAL AFFAIRS	-22	0	-22	0	0	0	-22

SOCIAL JUSTICE							
IFRS 16:	-103	103	0	0	0	0	0
Older People Commissioner	-69	69	0	0	0	0	0
Children's Commissioner	-34	34	0	0	0	0	0
Others:	1,056	0	1,056	0	0	0	1,056
Advice Services - Debt Advice funding	1,056	0	1,056	0	0	0	1,056
SOCIAL JUSTICE	953	103	1,056	0	0	0	1,056
CENTRAL SERVICES & ADMINISTRATION							
IFRS 16:	-1,140	1,577	437	0	0	0	437
General Administration Expenditure	-1,123	1,577	454	0	0	0	454
International Relations	-17	0	-17	0	0	0	-17
Others:	622	0	622	0	0	0	622
General Administration Expenditure - Contribution to the Cabinet Office for 'Civil Service Live 2022'	-14	0	-14	0	0	0	-14
Cyber Resilience - Cyber Resilience funding from the Securities Intelligence Agency	636	0	636	0	0	0	636
CENTRAL SERVICES & ADMINISTRATION	-518	1,577	1,059	0	0	0	1,059

OTHER CHANGES AFFECTING RESERVES							
Senedd Commission	-1,355	3,400	2,045	16	0	16	2,061
Public Services Ombudsman for Wales	-153	204	51	0	0	0	51
Wales Audit Office	-774	420	-354	0	0	0	-354
Electoral Commission – Adjustment to reflect the exact funding detailed in the Electoral Commissions Budget for 2022-23	19	0	19	0	0	0	19
OTHER CHANGES AFFECTING RESERVES	-2,263	4,024	1,761	16	0	16	1,777
Reserves in this Budget	152,305	699,206	851,511	-68,228	214,104	145,876	997,387

7. Annually Managed Expenditure (AME) Budgets

- 7.1** AME budgets detailed in the 2022-23 Final Budget reflected the last forecasts provided to HM Treasury.
- 7.2** The changes reflected in the 1st Supplementary Budget relate solely to the impact of the implementation of IFRS16 as detailed in chapter 2.

Table 7.1 below sets out the current AME budgets.

Table 7.1 – Changes to the Welsh Government MEG AME Allocations

MAIN EXPENDITURE GROUPS (MEGs)	£000s					
	RESOURCE			CAPITAL		
	2022-23 Final Budget	Changes	2022-23 Supplementary Budget New Plans June 2022	2022-23 Final Budget	Changes	2022-23 Supplementary Budget New Plans June 2022
Health and Social Services	186,420	1,666	188,086	0	440	440
Finance and Local Government	1,030,000	0	1,030,000	0	0	0
Education and the Welsh Language	-146,304	0	-146,304	1,051,366	0	1,051,366
Climate Change	100,393	0	100,393	0	0	0
Economy	45,525	0	45,525	0	0	0
Rural Affairs	0	0	0	0	0	0
Social Justice	28,063	0	28,063	0	0	0
Central Services and Administration	3,200	0	3,200	0	0	0
Total Allocation to Welsh Government	1,247,297	1,666	1,248,963	1,051,366	440	1,051,806

Annex 1 – Reconciliation between the Portfolio Budgets in the Action Tables and those the Budget Motion

The Explanatory Note supports the Supplementary Budget Motion published alongside this document, which sets out the changes to both the resources that the Welsh Government is proposing to use in 2022-23 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.

2022-23 SUPPLEMENTARY BUDGET									
£000s									
	Health and Social Services	Finance and Local Government	Education and the Welsh Language	Climate Change	Economy	Rural Affairs	Social Justice	Central Services and Administration	TOTAL
Resource	9,831,404	4,505,103	2,223,226	1,163,514	396,735	355,871	229,793	345,480	19,051,126
Capital	424,761	213,551	356,941	1,842,663	81,977	37,200	18,496	10,000	2,985,589
Resource AME	188,526	1,030,000	-146,304	100,393	45,525	0	28,063	3,200	1,249,403
Capital AME	0	0	1,051,366	0	0	0	0	0	1,051,366
TOTAL MANAGED EXPENDITURE	10,444,691	5,748,654	3,485,229	3,106,570	524,237	393,071	276,352	358,680	24,337,484
Reconciliation to Resources									
Resource Consumption - Welsh Government Sponsored Bodies	-229	-200	-920	-10,000	-20,566				-31,915
Supported Borrowing		-88,800							-88,800
National Insurance Fund Receipts Collection Costs	-906								-906
National Non-Domestic Rates Payable (and Collection Costs)		-1,035,172							-1,035,172
Interest Repayments on Borrowing		-2,360							-2,360
PFI				-9,786					-9,786
RESOURCES REQUESTED	10,443,556	4,622,122	3,484,309	3,086,784	503,671	393,071	276,352	358,680	23,168,545

Annex 2 – Glossary

Action	Within each Spending Programme Area (SPA), budgets are allocated to a number of sub-programmes known as Actions.
Ambits	Descriptions of the specific purposes for which Welsh Ministers are authorised by 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 8 MEGs: Health and Social Services; Finance and Local Government; Education and the Welsh Language; Climate Change; Economy; Rural Affairs; Social Justice 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.