



Llywodraeth Cymru
Welsh Government

WELSH GOVERNMENT

Supplementary Budget

2024-2025

Explanatory Note

February 2025

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1. Introduction

- 1.1** The Welsh Government today tabled the second supplementary budget for 2024-25 in accordance with Standing Order 20. This supplementary budget proposes changes to the First Supplementary Budget for 2024-25 as approved by Senedd Cymru ('the Senedd') on 22 October 2024.
- 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 Funding for public sector pay awards

The First Minister [announced](#) the Welsh Government's agreement to public sector pay awards on 10 September. **£264m** has been allocated across the Main Expenditure Groups (MEGs) as set out in the table below. The breakdown of the MEG pay allocations by BEL can be found in the Reserves table, annexed to this Explanatory note.

PAY ALLOCATIONS	
MAIN EXPENDITURE GROUPS (MEGs)	£m
Health and Social Care	171.914
Housing and Local Government	53.395
Education	29.718
Transport	1.069
Climate Change and Rural Affairs	2.170
Economy, Energy and Planning	1.270
Social Justice	0.251
Central Services and Administration	3.958
Total Pay Allocations to Welsh Government MEGs	263.745

2.2 Superannuation Contributions Adjusted for Past Experience (SCAPE)

SCAPE is the process followed for setting employer contributions in unfunded public service pension schemes. A key component of the process is the SCAPE discount rate.

Additional funding was provided by the UK Government and allocated to address the impacts on the NHS, teachers and fire service pensions in the first supplementary budget 2024-25.

A further **£25m** is allocated in this supplementary budget for the NHS and for civil service pension schemes with the allocations to MEGs set out in the table below.

The breakdown of the MEG SCAPE allocations by BEL can be found in the Reserves table, annexed to this Explanatory note.

SCAPE ALLOCATIONS	
MAIN EXPENDITURE GROUPS (MEGs)	£m
Health and Social Care	17.366
Housing and Local Government	0.201
Education	0.186
Transport	0
Climate Change and Rural Affairs	1.461
Economy, Energy and Planning	0.571
Social Justice	0.408
Central Services and Administration	5.276
Total SCAPE Allocations to Welsh Government MEGs	25.469

2.3 First Minister's Priorities

Allocations of **£208m** to support delivery of the First Minister's priorities are regularised in this supplementary budget. These were announced in an oral statement by the Cabinet Secretary for Health and Social Care on Waiting Times and in a [Written Statement](#) on delivering the First Minister's priorities published on 5 December 2024. The allocations by MEG are:

Health and Social Care

- **£50.4m** revenue to support a reduction in planned care pathways over 104 weeks; a reduction in people waiting over 8 weeks for a diagnostic test; and to reduce the growth in the size of the planned care waiting list. This funding will also support reducing long waiting times for neurodivergent patients.
- **£27m** revenue Reducing Pathways of Care. £19m of this funding is to support activity being undertaken within regions to achieve the aims of the 50-Day Integrated Care Winter Challenge ([50-day challenge](#)) to significantly reduce delays to discharge across the health and care system to enable a more resilient urgent and emergency care system

through winter. The balance of funding is allocated to support Cwm Taf Morganwg (CTM) University Health Board with increased revenue costs of additional care home placements relating to the closure of wards within the Princess of Wales hospital.

- **£21m** capital to support a programme of investment in diagnostic equipment and medical devices across NHS Wales, building on £15m already allocated in 2024-25 to support diagnostic imaging equipment and associated works across the estate. As medical technology evolves, advanced imaging tools like MRI, CT scanners, and ultrasound machines become essential for accurate diagnosis and effective treatment planning, with upgrades ensuring that NHS Wales organisations can deliver precise, timely results, ultimately improving patient outcomes; and
- **£10m** capital for investment in digital equipment, supporting critical digital infrastructure and updating cyber security across the NHS estate. This funding is in addition to the schemes supported through the £30m capital allocation made available in 2024-25 through the Digital Priorities Investment Fund (DPIF), which concentrates on national digital system priorities for health and social care.

Housing and Local Government

- **£10m** capital providing [more homes](#) for social rent through the Social Housing Grant.

Education

- **£20m** revenue to schools and settings through the School Standards element of the Local Authority Education Grant to improve standards in schools, boosting this package of support to £180m in 2024-25;
- **£10m** revenue to support Additional Learning Needs (ALN) provision across Wales. This will allow our local authorities to ensure this vital provision is extended to support the pressures and fund additional

learning provision to meet the needs of children and young people with ALN;

- **£20m** revenue for [Medr](#), the arm's-length body responsible for funding, oversight and regulation of tertiary education in Wales to support further and higher education. This includes £10m to support teaching and learning, research, widening access and change management in universities, and £10m for further education colleges to cover costs of increased demand and learner support;
- **£20m** capital for school and college repairs and maintenance through the Sustainable Communities for Learning programme, which is in addition to £30m already provided this year; and
- **£15m** capital to continue the central funding of a national Microsoft365 licence for every maintained school in Wales.

Economy, Energy and Planning

- **£4.519m** revenue to support a range of measures within the Economy, Energy and Planning portfolio including an allocation of £1m to further support organisational resilience in the art sector via the Arts Council of Wales;
- **£0.4m** capital provided to Sport Wales as additional funds for capital investment projects in sport clubs such as supporting work on energy efficiency schemes, refurbishing facilities and provision of new facilities and equipment; and
- **£0.08m** capital for Planning and Environment Decisions Wales (PEDW) to develop the Casework Portal software to enable appeals and representations to be submitted online.

2.4 Other Allocations to and from Reserves

A further **£297m** of net allocations are regularised in this supplementary budget. They relate to a number of allocations to manage emerging in-year issues; supporting pressures; ringfenced funding received from

other government departments; and enabling switches between capital and revenue budgets. Key MEG allocations include:

Health and Social Care

- **£35m** to reflect a number of pressures including a £15m shortfall in funding from the Immigration Health Surcharge;
- **£26m** revenue supporting the 2024-25 General Medical Services Contract including the funding of practice stabilisation payments to GP practices;
- An additional **£9m** revenue allocation in relation to the costs associated with the Princess of Wales hospital roof [replacement works](#) and fire safety measures and electrical upgrades;
- **£56.264m** in respect of the Immigration Health Surcharge transferred from the UK Government;
- **£3.454m** is returned to general capital reserves in relation to mental health sanctuary underspends; and
- **£25m** is returned to general capital reserves in respect of the surrender of ringfenced IFRS16 capital budget.

In addition, there are net transfers to other government departments requiring a return to reserves of **£0.638m** and a budget switch from revenue to capital within the Health and Social Care MEG of **£47.57m**.

This is in relation to an annual technical accounting adjustment reflecting the capitalisation treatment of certain Research and Development activity as set out in the European System of Accounts 10 accounting framework.

Housing and Local Government

- **£14m** revenue for the Land Release Fund following the deferral of interest due from the Regeneration Investment Fund for Wales;
- **£10m** revenue support for emergency financial assistance in relation to damage caused by Storm Bert and Storm Darragh;

- **£2.5m** revenue in respect of the cap on charges for adult non-residential care and support; and
- **£75m** is returned to general capital reserves in relation to a reduction in the Social Housing Grant budget cover requirement due to a change of accounting treatment.

Education

- **£13.5m** revenue to support School Standards through the Local Authority Education Grant. This funding will improve standards in schools and settings, and also support schools causing concern. This will boost the School Standards package of support to £193.5m in 2024-25;
- **£0.823m** revenue to cover the additional VAT charged on post-16 places in private special colleges. Following the UK Government Budget, VAT will be applicable on these placements from 1 January 2025 and HM Treasury confirmed an agreement to fund £0.82m in respect of the impact in 2024-2025;
- **£18.5m** capital is allocated in recognition of the significant financial challenges facing higher education, £18.5m in capital funding is being provided to support universities meet incurred costs associated with estate maintenance and digital projects to improve operating efficiency and environmental sustainability; and
- **£5m** capital to support investment in the Sustainable Communities for Learning Programme.
- **£0.85m** revenue to support education services for Afghan families in transitional accommodation transferred from the UK Government.

Transport

The supplementary budget regularises a number of allocations and changes within the Transport MEG to allow for the reprioritisation of resources and realignment across capital and revenue. A net total of

£148.1m has been allocated comprising £55.1m revenue and £93m capital.

- The additional funding will primarily support additional capital costs arising in respect of the core valley line due to inflation and changes in delivery profile (**£147.1m**).
- Additional revenue funding will improve the safety and resilience of the strategic road network (**£33.5m**), support increased rail subsidy requirements (**£19.631m**), increases in demand for concessionary fares subsidy (**£3.9m**), and to part fund increases in the GoSafe programme (**£1.069m**).
- The additional expenditure is offset by a number of returns to reserves of underspends, comprising **£27.8m** capital returned in relation to Network operations; **£25.3m** capital surrendered in relation to Bus Support; **£3m** revenue Aviation underspend and **£1m** capital as a result of Strategic Infrastructure Development underspend.

Climate Change and Rural Affairs

- **£7m** revenue in respect of Natural Resources Wales pension costs settled ahead of schedule;
- **£0.7m** revenue in support of Senedd reform costs; and
- **£3.4m** is returned to general capital reserves from the Climate and Rural Affairs MEG in respect of the Border Controls ring fenced budget.

There has also been a budget switch from capital to revenue within the Climate Change and Rural Affairs MEG of **£16m**. This relates to the capital underspend of the Resource Efficiency and Circular Economy budget and the subsequent revenue allocation is made to support the tax liability costs of Natural Resources Wales.

Economy, Energy and Planning

- **£25m** revenue as contingency to ensure sufficient provision within the MEG should significant additional costs arise in respect of potential pressures;
- **£2.357m** capital in relation to the ringfenced budget for City & Growth Deals; and
- Transfers from the UK Government totalling **£2.463m** for Freeports, Tata and Clean Energy Jobs Skill Pilot fund.

Social Justice

- **£0.986m** capital to the Social Justice MEG to support additional activity within the Community Facilities Programme and
- **£0.715m** transfer from the UK Government in respect of Financial Advice Services.

Central Services and Administration

- **£25m** revenue to support in-year pressures including a contribution for the initial 2024/25 pay award; and
- **£0.245m** net transfers with other government departments.

2.5 Movements to and from Financial Transaction Capital Reserves

£14m has been returned to reserves as result of Financial Transaction projects not progressing within the Transport portfolio. The Financial Transactions budget is ringfenced and underspends have been repurposed to the following areas:

- **£5m** to the Education MEG for the Neath Port Talbot College Group, Brecon Town Centre Project to replace most of the College's out of town Brecon campus into two refurbished buildings within Brecon Town Centre;

- **£2.322m** to the Education MEG for the Cardiff and Vale College Mutual Investment Model project to develop two new campuses in the Vale of Glamorgan to replace the existing main campus; and
- **£1m** to the Social Justice MEG for the Community Asset Loan Fund.

2.6 Non-Fiscal Resource DEL Movements

Non-fiscal allocations totalling **£215m** have been made from reserves primarily to the Education MEG to reflect changes in the value of the student loan book and the Transport MEG for depreciation of the Core Valleys Line (see Table 3.1).

Non-fiscal budgets are ringfenced and cannot be used for other purposes.

3. Changes to the Wales Budget since 1st Supplementary Budget 2024-25

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	2024-25 Supplementary Budget October 2024	Changes	2024-25 Supplementary Budget New Plans February 2025
	£000s	£000s	£000s
RESOURCE FINANCING			
Departmental Expenditure Limit (DEL):			
Fiscal	16,426,101	628,910	17,055,011
Non-Fiscal	1,049,686	188,243	1,237,929
Drawdown from the Wales Reserve	125,000	0	125,000
Annually Managed Expenditure (AME):			
Fiscal	28,188	611	28,799
Non-Fiscal	482,538	94,910	577,448
Wales Devolved Financing:			
Non-Domestic Rates	1,079,000	0	1,079,000
Welsh Rate of Income Tax ^{Note}	3,491,131	0	3,491,131
Land Transaction Tax	243,731	82,493	326,224
Landfill Disposals Tax	28,340	5,901	34,241
Principal repayment of borrowing	-7,998	0	-7,998
TOTAL RESOURCE FINANCING	22,945,717	1,001,068	23,946,785
CAPITAL FINANCING			
Departmental Expenditure Limit (DEL):			
General	2,954,600	256,541	3,211,141
Drawdown from the Wales Reserve	50,000	0	50,000
Financial Transactions	165,344	0	165,344
Annually Managed Expenditure (AME):			
Capital	1,521,382	120,915	1,642,297
Wales Devolved Financing:			
Borrowing	150,000	0	150,000
TOTAL CAPITAL FINANCING	4,841,326	377,456	5,218,782
TOTAL WELSH FINANCING	27,787,043	1,378,524	29,165,567

Note

Includes reconciliation amount for 2022-23 outturn in 2024-25

Table 3.2 – Allocation of the Wales Budget

MAIN EXPENDITURE GROUPS (MEGs)		£000s		
		2024-25 Supplementary Budget October 2024	Changes	2024-25 Supplementary Budget New Plans February 2025
Health and Social Care		12,529,235	437,963	12,967,198
Housing and Local Government		7,407,397	5,707	7,413,104
Education		3,764,022	378,901	4,142,923
Transport		1,661,761	220,045	1,881,806
Climate Change and Rural Affairs		837,396	44,606	882,002
Economy, Energy and Planning		848,758	91,629	940,387
Social Justice		153,902	2,951	156,853
Central Services and Administration		404,160	34,544	438,704
Total Allocation to Welsh Government MEGs		27,606,631	1,216,346	28,822,977
Unallocated Resource	Fiscal Resource	35,837	45,147	80,984
	Non-Fiscal Resource	76,750	-21,494	55,256
Unallocated Capital	General Capital	-110,089	110,506	417
	General Capital – IFRS16	76,909	25,000	101,909
	Financial Transactions	9,988	5,421	15,409
Senedd Commission ^{Note 1}		72,830	-2,300	70,530
Public Services Ombudsman for Wales ^{Note 2}		6,358	-90	6,268
Wales Audit Office		9,459	0	9,459
Electoral Commission		1,564	0	1,564
Direct Charges to the Welsh Consolidated Fund		806	-12	794
TOTAL WELSH BUDGET		27,787,043	1,378,524	29,165,567

Notes

1. A supplementary budget for 2024-25 was presented to the Senedd by the Senedd Commission in January 2025. It reported decreases in its fiscal resource of £400k and capital of £500k.

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2. A supplementary budget for 2024-25 was presented to the Finance Committee by the Public Service Ombudsman for Wales (PSOW) in January 2025. It reported decreases in its fiscal resource of £24k and non-fiscal resource of £66k.

Table 3.3 – Changes to the Welsh Government MEG Resource Allocations

MAIN EXPENDITURE GROUPS (MEGs)	£000s					
	FISCAL			NON-FISCAL		
	2024-25 Supplementary Budget October 2024	Changes	2024-25 Supplementary Budget New Plans February 2025	2024-25 Supplementary Budget October 2024	Changes	2024-25 Supplementary Budget New Plans February 2025
Health and Social Care	11,362,008	340,670	11,702,678	323,561	-4,790	318,771
Housing and Local Government	5,118,557	79,222	5,197,779	0	0	0
Education	1,722,296	98,907	1,821,203	281,231	151,324	432,555
Transport	514,086	56,169	570,255	291,997	56,694	348,691
Climate Change and Rural Affairs	527,761	27,051	554,812	19,079	2,955	22,034
Economy, Energy and Planning	434,649	35,065	469,714	32,137	3,620	35,757
Social Justice	138,417	965	139,382	633	0	633
Central Services and Administration	372,552	34,544	407,096	18,687	0	18,687
Total Allocation to Welsh Government MEGs	20,190,326	672,593	20,862,919	967,325	209,803	1,177,128

Table 3.4 – Changes to the Welsh Government MEG Capital Allocations

MAIN EXPENDITURE GROUPS (MEGs)	£000s					
	GENERAL CAPITAL			FINANCIAL TRANSACTIONS		
	2024-25 Supplementary Budget October 2024	Changes	2024-25 Supplementary Budget New Plans February 2025	2024-25 Supplementary Budget October 2024	Changes	2024-25 Supplementary Budget New Plans February 2025
Health and Social Care	526,476	52,188	578,664	0	0	0
Housing and Local Government	1,071,630	-74,126	997,504	105,809	0	105,809
Education	346,127	58,500	404,627	346	7,322	7,668
Transport	661,306	102,700	764,006	13,628	-14,000	-372
Climate Change and Rural Affairs	264,556	-21,400	243,156	20,000	0	20,000
Economy, Energy and Planning	289,832	2,687	292,519	15,615	257	15,872
Social Justice	14,668	986	15,654	-42	1,000	958
Central Services and Administration	9,721	0	9,721	0	0	0
Total Allocation to Welsh Government MEGs	3,184,316	121,535	3,305,851	155,356	-5,421	149,935

- 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 £628,910k comprising:
- An increase from Barnett consequentials totalling £795,354k and comprising:
 - £757,937k in respect of funding announced in the UK Autumn Budget 2024; and
 - £37,417k received at the UK Government's Supplementary Estimates in January 2025;
 - A decrease as a result of a resource to capital switch of £223,500k;
 - A net transfer out of £2,215k to the Department for Health and Social Care (DHSC) comprising:
 - A transfer out of £3,422k in respect of the Welsh Government's contribution to the UK Health Security Agency (UKHSA) activities in 2024-25;
 - A transfer in of £413k in respect of the Voluntary Scheme for Branded Medicines Pricing, Access and Growth (VPAG) Investment Fund – Health Technology Assessment;
 - A transfer in of £596k in respect of the HIV Infected Blood Support Scheme; and
 - A transfer in of £198k in respect of the HIV Infected Blood Support Scheme legal and administrative costs;
 - A transfer out of £16k to the Cabinet Office in respect of the Welsh Government's contribution to 'Civil Service Live 2024'.
 - A transfer in of £52,252k from the Home Office in respect of the balance due for 2024-25 for the Immigration Health Surcharge;
 - Transfers in totalling £6,154k from the Ministry for Housing, Communities and Local Government (MHCLG) comprising:

- £2,771k in respect of the Homes for Ukraine Fund;
- £1,400k in respect of Freeports;
- £1,066k in respect of the Children and Young People Resettlement Fund;
- £500k in respect of TATA supply chain intervention;
- £363k in respect of the TATA Start-up, Resilience and Business Growth Flexible Fund; and
- £54k in respect of the Hong Kong Resettlement Fund;
- Transfers in totalling £1,130k from the Ministry of Defence (MoD) in respect of the Afghan Relocation and Assistance Policy and services provided at St Asaph, consisting:
 - £850k for educational services; and
 - £280k for health services;
- Transfers in totalling £130k from HM Revenue and Customs (HMRC) comprising:
 - £125k in respect of financial advice services; and
 - £5k in respect of hidden economy conditionality;
- A transfer in of £797k from the Department for Work and Pensions (DWP) in respect of the Individual Placement Support in Primary Care (IPSPC) project;
- A transfer in of £261k from the Foreign, Commonwealth and Development Office (FCDO) in respect of the Integrated Security Fund;
- A transfer in of £200k from the Department for Energy Security & Net Zero (DESNZ) in respect of the Just Transition Regional Skills Fund;
- A transfer in of £12,400k from HM Treasury (HMT) in respect of IFRS16 changes;
- A transfer in of £4,012k from HMT regarding prior year amounts for the Immigration Health Surcharge;
- A net transfer in of £1,491k from HMT in respect of Borders funding, consisting:
 - £3,015k announced in the UK Autumn Budget 2024; and

- £1,524k returned to HMT as part of the UK Government's Supplementary Estimates;
- A transfer in of £823k from HMT in respect of private schools VAT compensation;
- A transfer in of £86k from HMT in respect of a cash management rebate; and
- A decrease as a result of a net increase of £20,449k in the block grant adjustment.

Non-Fiscal Resource

3.4 Since the First Supplementary Budget the non-fiscal resource baseline has increased by £188,243k, comprising £35,997k in general depreciation and £152,246k due to a change in Student Loans.

Wales Devolved Financing

3.5 Devolved tax income has increased since the first supplementary budget by £88,394k.

The amount required to repay principal borrowing has remained unchanged at £7,998k.

General Capital

3.6 The general capital baseline has increased by a net amount of £256,541k since the First Supplementary Budget, comprising:

- An increase from Barnett consequentials totalling £40,598k and comprising:
 - £42,412k in respect of funding announced in the UK Autumn Budget 2024; and
 - £1,814k deducted at the UK Government's Supplementary Estimates in January 2025;
- An increase in non-Barnett additions of £4,357k in respect of funding for City and Growth Deals;
- An increase as a result of a resource to capital switch of £223,500k;

- A decrease due to the removal of the £10,000k funding assumption for Borders included in the first supplementary budget;
- A net decrease of £2,414k in respect of Borders funding, comprising:
 - £2,116k received from HMT in the UK Autumn Budget 2024; and
 - £4,530k returned to HMT as part of the UK Government's Supplementary Estimates; and
- £500k from the DHSC in respect of the VPAG Investment Fund – Clinical Trials Research and Development.

Financial Transactions Capital

- 3.7** There has been no change to the financial transaction capital baseline since the First Supplementary Budget.

Table 3.5 – Summary of the Welsh Government MEG Total Allocations

2024-25 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 Care	11,702,678	318,771	12,021,449	578,664	0	578,664	290,645	76,440	367,085	12,967,198
Housing and Local Government	5,197,779	0	5,197,779	997,504	105,809	1,103,313	1,112,012	0	1,112,012	7,413,104
Education	1,821,203	432,555	2,253,758	404,627	7,668	412,295	-88,987	1,565,857	1,476,870	4,142,923
Transport	570,255	348,691	918,946	764,006	-372	763,634	199,226	0	199,226	1,881,806
Climate Change and Rural Affairs	554,812	22,034	576,846	243,156	20,000	263,156	42,000	0	42,000	882,002
Economy, Energy and Planning	469,714	35,757	505,471	292,519	15,872	308,391	126,525	0	126,525	940,387
Social Justice	139,382	633	140,015	15,654	958	16,612	226	0	226	156,853
Central Services and Administration	407,096	18,687	425,783	9,721	0	9,721	3,200	0	3,200	438,704
TOTAL ALLOCATIONS TO WELSH GOVERNMENT MEGs	20,862,919	1,177,128	22,040,047	3,305,851	149,935	3,455,786	1,684,847	1,642,297	3,327,144	28,822,977

4. Transfers between Ministerial Portfolios

4.1 There have been multiple transfers between Ministerial portfolios in this supplementary budget totalling £16,911k. The net impact of the transfers on each of the MEGs is summarised in the table below:

	Fiscal Resource £'000			Capital £'000		
	To	From	Net Transfers	To	From	Net Transfers
Health and Social Care	134	-3,704	-3,570	1,576	-	1,576
Housing and Local Government	-	-874	-874	-	-9,126	-9,126
Education	3,904	-74	3,830	-	-	-
Transport	-	-	-	9,700	-	9,700
Climate Change and Rural Affairs	-	-280	-280	-	-2,000	-2,000
Economy, Energy and Planning	1,238	-	1,238	-	-150	-150
Social Justice	105	-514	-409	-	-	-
Central Services and Administration	254	-189	65	-	-	-
	5,635	-5,635	-	11,276	-11,276	-

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

Fiscal Resource

4.3 £3,704k has been transferred from the Education and Training BEL within the Health and Social Care MEG to the Medr Programme Expenditure BEL within the Education MEG. The transfer relates to the North and West Wales medical expansion programme.

General Capital

- 4.4** £1,426k has been transferred from the Health and Housing BEL within the Housing and Local Government MEG to the Core NHS Allocations BEL within the Health and Social Care MEG. The transfer relates to the Housing with Care Fund.
- 4.5** Two amounts totalling £9,700k have been transferred to the Network Operations BEL within the Transport MEG in support of the decarbonisation of the Welsh Government Strategic Road Network.
- £7,700k has transferred from the Market Housing and Other Schemes BEL within the Housing and Local Government MEG following the reprofiling of capital budgets; and
 - £2,000k from the Welsh Government Energy Service BEL within the Climate Change and Rural Affairs MEG.

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. The transfers exceeding £1m are detailed below:

Health and Social Care

5.2 A single resource transfer of £3,270k from the Core NHS Allocations BEL to the Targeted Health Protection and Immunisation BEL.

Housing and Local Government

5.3 In order to repurpose anticipated underspends resource transfers of £13,500k have taken place within the Housing and Local Government MEG. This includes:

- £13,000k transferred to the Local Govt General Revenue Funding BEL;
- £9,500k transferred from the Non-Domestic Rates Relief BEL; and
- £2,500k transferred from the Local Taxation Reform BEL.

In addition, as part of a reprofiling exercise, multiple capital transfers totalling £90,337k have also taken place between BELs within the Housing and Local Government MEG. This includes:

- £78,770k transferred to the Social Housing Grants BEL;
- £11,000k transferred to the Local Government General Capital Funding BEL;
- £67,670k transferred from the Building Safety BEL;
- £11,000k transferred from the Warm Housing BEL;
- £7,300k transferred from the Market Housing and Other Schemes BEL; and
- £3,800k transferred from the Major Repairs Allowance and Dowry Gap Funding BEL.

Education

- 5.4** Multiple resource transfers totalling £7,567k have taken place between BELs within the Education MEG. This includes:
- £5,000k transferred to the Additional Learning Needs BEL from the Teacher Development and Support BEL; and;
 - £1,800k transferred to the Equity in Education BEL from the Tackling Disaffection BEL.

Climate Change and Rural Affairs

- 5.5** Multiple resource transfers totalling £43,489k have taken place between BELs in the Climate Change and Rural Affairs MEG, £43,080k of which relates to the merging of several BELs for Natural Resources Wales.

Multiple capital transfers totalling £12,287k have also taken place between BELs within the Climate Change and Rural Affairs MEG. This includes:

- £8,560k transferred to the Coal Tip Safety Delivery BEL from the Resource Efficiency and Circular Economy BEL;
- £1,300k transferred to the Rural Payments ICT BEL from the Rural Investments Scheme BEL; and
- £1,052k transferred to the Welsh Government Energy Services BEL from the Invest to Save Green Growth BEL.

Economy, Energy and Planning

- 5.6** Multiple capital transfers totalling £21,899k have taken place between BELs within the Economy, Energy and Planning MEG. This includes:
- £20,000k transferred to the Business Finance Funds BEL from the Business and Regional Economic Development BEL; and
 - £1,000k transferred to the Sport Wales BEL from the Tourism BEL.

Social Justice

- 5.7** Multiple resource transfers totalling £7,654k have taken place between BELs within the Social Justice MEG. This includes:

- £3,450k transferred to the Supporting Communities BEL;
- £2,965k transferred to the Support for the Voluntary Sector and Volunteering BEL;
- £3,900k transferred from the Financial Inclusion BEL; and
- £2,597k transferred from the Equality, Inclusion and Human Rights BEL.

Multiple capital transfers totalling £1,482k have also taken place between BELs within the Social Justice MEG including £1,167k transferred from the Gypsy Traveller Sites BEL.

6. Changes to Reserves

- 6.1** This budget regularises a number of allocations to and from reserves. The key resource and general capital allocations are detailed in Chapter 2. A summary of the net effect on each MEG can be found in table 6.1 below and a full list detailing all the movements on the Welsh Government's reserves is available on the Welsh Government's website.

Allocations from Fiscal Resource Reserves

- 6.2** Allocations totalling £727,077k have been made from fiscal resource reserves in this supplementary budget. The totals for each MEG are as follows:

- Health and Social Care - £395,228k.
- Housing and Local Government - £80,096k.
- Education - £95,077k.
- Transport - £59,169k.
- Climate Change and Rural Affairs - £27,331k.
- Economy, Energy and Planning - £33,827k.
- Social Justice - £1,374k.
- Central Services and Administration - £34,495k.

Transfers to Fiscal Resource Reserves

- 6.3** Transfers totalling £54,484k have been made into fiscal resource reserves in this supplementary budget. The totals for each MEG are as follows:

- Health and Social Care - £50,988k.
- Transport - £3,000k.
- Central Services and Administration - £16k.

Allocations from Non-Fiscal Resource Reserves

6.4 Allocations totalling £220,390k have been made from non-fiscal resource reserves in this supplementary budget. The totals for each MEG are as follows:

- Health and Social Care - £491k;
- Education - £151,324k relating to the stock charge for student loans;
- Transport - £62,000k in respect of depreciation relating to Transport for Wales;
- Climate Change and Rural Affairs - £2,955k; and
- Economy, Energy and Planning - £3,620k.

Transfers to Non-Fiscal Resource Reserves

6.5 Transfers totalling £10,587k have been made into non-fiscal resource reserves in this supplementary budget. The totals for each MEG are as follows:

- Health and Social Care - £5,281k; £5,277k of which relates to a reduction in the non-fiscal requirement for the NHS; and
- Transport – £5,306k in respect of a reduction in lease depreciation relating to Transport for Wales.

Allocations from General Capital Reserves

6.6 Allocations totalling £298,489k have been made from general capital reserves in this supplementary budget. The totals for each MEG are as follows:

- Health and Social Care – £79,066k.
- Housing and Local Government - £10,000k.
- Education - £58,500k.
- Transport - £147,100k.
- Economy, Energy and Planning - £2,837k.
- Social Justice - £986k.

Allocations to General Capital Reserves

6.7 Transfers totalling £176,954k have been made into general capital reserves in this supplementary budget. The totals for each MEG are as follows:

- Health and Social Care - £28,454k.
- Housing and Local Government - £75,000k.
- Transport - £54,100k.
- Climate Change and Rural Affairs - £19,400k.

Allocations from Financial Transaction Capital Reserves

6.8 There have been four transfers totalling £8,579k from the financial transaction capital reserves in this supplementary budget: The totals for each MEG are as follows:

- Education - £7,322k, £5,000k in respect of funding for NPTC Brecon Campus, Brecon Town Centre Project and £2,322k in respect of Cardiff and Vale College;
- Economy, Energy and Planning - £257k in order to reduce an agreed loan repayment in year.
- Social Justice - £1,000k in respect of the Community Asset Loan Fund (CALF).

Allocations to Financial Transaction Capital Reserves

6.9 There have been two transfers back to the financial transaction capital reserves in this supplementary budget totalling £14,000k. Both were from the Economy, Energy and Planning MEG and related to unutilised funding for Net Zero Wales Transport Schemes.

Budget Switches

6.10 There have been multiple switches between the fiscal resource and general capital reserves within this supplementary budget involving the Health and Social Care, Climate Change and Rural Affairs and the Economy, Energy and Planning MEGs. The net effect on both reserves

is zero but full details of the movements are in the tables available on the WG's website.

Other Transfers With Reserves

6.11 There have been other transfers with central reserves not affecting the MEGs, the net result of which are as follows:

- A decrease of £436k in fiscal resource reserves;
- A decrease of £66k in non-fiscal resource reserves; and
- A decrease of £500k in general capital reserves.

Table 6.1 - Changes to the 2023-24 Reserves since the First Supplementary 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 First Supplementary Budget	35,837	76,750	112,587	-33,180	9,988	-23,192	89,395
Transfers & Consequentials since the First Supplementary Budget	852,410	188,243	1,040,653	33,041	0	33,041	1,073,694
Change in Devolved Tax Forecast Adjustments	88,394	0	88,394	0	0	0	88,394
Movement in principal repayment of borrowing	0	0	0	0	0	0	0
Budget Switches	-223,500	0	-223,500	223,500	0	223,500	0
Drawdown from the Wales Reserve	0	0	0	0	0	0	0
Revised Reserves	753,141	264,993	1,018,134	223,361	9,988	233,349	1,251,483
MEG CHANGES AFFECTING RESERVES							
Health and Social Care	-344,240	4,790	-339,450	-50,612	0	-50,612	-390,062
Housing and Local Government	-80,096	0	-80,096	65,000	0	65,000	-15,096
Education	-95,077	-151,324	-246,401	-58,500	-7,322	-65,822	-312,223
Transport	-56,169	-56,694	-112,863	-93,000	14,000	-79,000	-191,863

Climate Change and Rural Affairs	-27,331	-2,955	-30,286	19,400	0	19,400	-10,886
Economy, Energy and Planning	-33,827	-3,620	-37,447	-2,837	-257	-3,094	-40,541
Social Justice	-1,374	0	-1,374	-986	-1,000	-1,986	-3,360
Central Services and Administration	-34,479	0	-34,479	0	0	0	-34,479
MEG CHANGES AFFECTING RESERVES	-672,593	-209,803	-882,396	-121,535	5,421	-116,114	-998,510
OTHER CHANGES AFFECTING RESERVES							
Senedd Commission	400	0	400	500	0	500	900
Public Services Ombudsman for Wales	24	66	90	0	0	0	90
Direct Charges to the Welsh Consolidated Fund	12	0	12	0	0	0	12
OTHER CHANGES AFFECTING RESERVES	436	66	502	500	0	500	1,002
Reserves in this Budget	80,984	55,256	136,240	102,326	15,409	117,735	253,975

Wales Reserve

6.12 The balances held in the Wales Reserve are updated each financial year to take account of the following movements:

- Increases due to underspends arising after the calculation of the final outturn position for the previous financial year; and
- Decreases due to the amounts drawn down from the Reserve in year.

The annual drawdown limits from the Wales Reserve are £125m resource and £50m capital. The capital drawdown can comprise of general and financial transaction capital.

Table 6.2 below illustrates the confirmed amounts currently held in the Wales Reserve.

Table 6.2 - Balances currently held in the Wales Reserve

MOVEMENTS	£'000		
	Non Ringfenced Resource	General Capital	Financial Transaction Capital
Balance brought forward from 2023-24	243,242	83,245	0
Drawdown in 2024-25	-125,000	-50,000	0
Current Balance Available in Wales Reserve	118,242	33,245	0

7. Annually Managed Expenditure (AME) Budgets

7.1 AME budgets detailed in this supplementary budget reflect the last forecasts provided to HMT in January 2025. Adjustments made since the First Supplementary Budget was approved comprise:

- A net increase of £49,895k in the Health and Social Care MEG AME budget to reflect the latest forecasts for impairments and provisions relating to the NHS in Wales, comprising:
 - A decrease in resource AME of £24,264k; and
 - An increase in capital AME of £74,159k.
- An increase of £611k in the Housing and Local Government MEG resource AME budget to reflect a change in the Fire Service Pensions provision.
- An increase of £62,828k in the Education MEG AME budget to reflect the latest Student Loans forecasts, comprising:
 - An increase in resource AME of £16,092k; and
 - An increase in capital AME of £46,756k.
- An increase in the Transport MEG resource AME budget to reflect an increase in the impairments of the roads network.
- A total increase of £36,000k in the Climate Change and Rural Affairs MEG resource AME budget comprising:
 - £35,000k in respect of the impairment relating to forestry and biological assets; and
 - £1,000 in respect of the bad debt provision.
- An increase of £50,000k in the Economy, Energy and Planning MEG resource AME budget relating to a new provision for the Green Energy BEL.

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		
	2024-25 Supplementary Budget October 2024	Changes	2024-25 Supplementary Budget New Plans February 2025	2024-25 Supplementary Budget October 2024	Changes	2024-25 Supplementary Budget New Plans February 2025
Health and Social Care	314,909	-24,264	290,645	2,281	74,159	76,440
Housing and Local Government	1,111,401	611	1,112,012	0	0	0
Education	-105,079	16,092	-88,987	1,519,101	46,756	1,565,857
Transport	180,744	18,482	199,226	0	0	0
Climate Change and Rural Affairs	6,000	36,000	42,000	0	0	0
Economy, Energy and Planning	76,525	50,000	126,525	0	0	0
Social Justice	226	0	226	0	0	0
Central Services and Administration	3,200	0	3,200	0	0	0
Total Allocation to Welsh Government	1,587,926	96,921	1,684,847	1,521,382	120,915	1,642,297

Annex 1 – Reconciliation between the Portfolio Budgets in the Action Tables and those in 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 2024-25 and the cash it is seeking authority to draw from the Welsh Consolidated Fund. The tables within this note use the HMT 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.

2024-25 SUPPLEMENTARY BUDGET									
£000s									
	Health and Social Care	Housing and Local Govern- ment	Education	Transport	Climate Change and Rural Affairs	Economy Energy and Planning	Social Justice	Central Services and Administ- ration	TOTAL
Resource	12,021,449	5,197,779	2,253,758	918,946	576,846	505,471	140,015	425,783	22,040,047
Capital	578,664	1,103,313	412,295	763,634	263,156	308,391	16,612	9,721	3,455,786
Resource AME	290,645	1,112,012	-88,987	199,226	42,000	126,525	226	3,200	1,684,847
Capital AME	76,440	0	1,565,857	0	0	0	0	0	1,642,297
TOTAL MANAGED EXPENDITURE	12,967,198	7,413,104	4,142,923	1,881,806	882,002	940,387	156,853	438,704	28,822,977
Reconciliation to Resources									
Resource Consumption - Welsh Government Sponsored Bodies	-60	0	-828	0	-55,500	-38,677	0	0	-95,065
Supported Borrowing	0	-88,800	0	0	0	0	0	0	-88,800
National Insurance Fund Receipts Collection Costs	-906	0	0	0	0	0	0	0	-906
National Non-Domestic Rates Payable (and Collection Costs)	0	-1,084,172	0	0	0	0	0	0	-1,084,172
Interest Repayments on Borrowing	0	0	0	0	0	0	0	-12,254	-12,254
PFI	0	0	0	-10,362	0	0	0	0	-10,362
RESOURCES REQUESTED	12,966,232	6,240,132	4,142,095	1,871,444	826,502	901,710	156,853	426,450	27,531,418

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 Care; Housing and Local Government; Education; Transport; Climate Change and Rural Affairs; Economy, Energy and Planning; 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.