



Llywodraeth Cymru
Welsh Government

WELSH GOVERNMENT

Supplementary Budget

2025-2026

Explanatory Note

June 2025

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1. Introduction

- 1.1** The Welsh Government today tabled the first supplementary budget for 2025-26 in accordance with Standing Order 20. This supplementary budget proposes changes to the Final Budget for 2025-26 as approved by Senedd Cymru ('the Senedd') on 4 March 2025.
- 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

Introduction

- 2.1** The purpose of this supplementary budget is to regularise the Welsh Government's budget to reflect changes arising from the UK Government's Spring Statement and 2025-26 Main Estimates in respect of consequential and transfers from and to other government departments.

Funding to Support Devolved Public Sector Employers with Increased National Insurance Costs (NICs)

- 2.2** This supplementary budget confirms the allocation of a total package of **£220m** to support our public services, including further education, with increased NICs costs.
- 2.3** The UK Government provided £185m in funding to Wales following its decision to increase employer NICs in the autumn UK Budget which falls significantly short of the £257m devolved public sector employers in Wales need to meet the increased NICs costs they face.
- 2.4** This shortfall, of more than £70m, is a result of the UK Government decision that Wales should receive a Barnett consequential of the additional costs to devolved public sector employers in England, rather than the actual costs.
- 2.5** The £185m will be passed on in full to devolved public sector employers in Wales. The Welsh Government is also providing an additional £36m from its reserves to create a total allocation of £220m to provide additional support for essential public services in Wales.
- 2.6** Details of the breakdown of the allocations made to MEGs are set out below:

| MAIN EXPENDITURE GROUPS (MEGs) | NICs allocation (£m) |
|--|-------------------------|
| Health and Social Care | 98.494 |
| Housing and Local Government | 97.587 |
| Education | 10.087 |
| Transport | 4.304 |
| Climate Change and Rural Affairs | 2.708 |
| Economy, Energy and Planning | 2.279 |
| Social Justice | 0.238 |
| Central Services and Administration | 4.900 |
| Total NICs Allocations to Welsh Government MEGs | 220.597 |

Health and Social Care MEG

2.7 This supplementary budget provides a resource allocation of £100m to the Health and Social Care MEG. Further information will be provided later this week.

3. Changes to the Wales Budget since Final Budget 2025-26

- 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 | 2025-26 Final Budget | Changes | 2025-26 Supplementary Budget New Plans June 2025 |
|--|----------------------|----------------|--|
| | £000s | £000s | £000s |
| RESOURCE FINANCING | | | |
| Departmental Expenditure Limit (DEL): | | | |
| Fiscal | 17,668,284 | 342,617 | 18,010,901 |
| Non-Fiscal | 1,049,686 | 188,243 | 1,237,929 |
| Drawdown from the Wales Reserve | 0 | 40,000 | 40,000 |
| Annually Managed Expenditure (AME): | | | |
| Fiscal | 37,151 | -1,794 | 35,357 |
| Non-Fiscal | 254,934 | -27,006 | 227,928 |
| Wales Devolved Financing: | | | |
| Non-Domestic Rates | 1,078,000 | 0 | 1,078,000 |
| Welsh Rate of Income Tax | 3,602,716 | 0 | 3,602,716 |
| Land Transaction Tax | 342,912 | 0 | 342,912 |
| Landfill Disposals Tax | 32,833 | 0 | 32,833 |
| Principal repayment of borrowing | -12,998 | 2,396 | -10,602 |
| TOTAL RESOURCE FINANCING | 24,053,518 | 544,456 | 24,597,974 |
| CAPITAL FINANCING | | | |
| Departmental Expenditure Limit (DEL): | | | |
| General | 3,276,059 | 16,353 | 3,292,412 |
| Drawdown from the Wales Reserve | 0 | 0 | 0 |
| Financial Transactions | 85,323 | -193 | 85,130 |
| Annually Managed Expenditure (AME): | | | |
| Capital | 1,353,983 | 38,770 | 1,392,753 |
| Wales Devolved Financing: | | | |
| Borrowing | 150,000 | 0 | 150,000 |
| TOTAL CAPITAL FINANCING | 4,865,365 | 54,930 | 4,920,295 |
| TOTAL WELSH FINANCING | 28,918,883 | 599,386 | 29,518,269 |

Table 3.2 – Allocation of the Wales Budget

| MAIN EXPENDITURE GROUPS (MEGs) | | £000s | | |
|--|------------------------|----------------------------|----------------|--|
| | | 2025-26 Final Budget | Changes | 2025-26 Supplementary Budget New Plans June 2025 |
| Health and Social Care | | 13,198,537 | 254,326 | 13,452,863 |
| Housing and Local Government | | 7,867,133 | 89,824 | 7,956,957 |
| Education | | 3,693,568 | 38,505 | 3,732,073 |
| Transport | | 1,419,665 | 4,304 | 1,423,969 |
| Climate Change and Rural Affairs | | 923,470 | 4 | 923,474 |
| Economy, Energy and Planning | | 908,929 | 22,170 | 931,099 |
| Social Justice | | 159,380 | 2,879 | 162,259 |
| Central Services and Administration | | 463,326 | 1,954 | 465,280 |
| Total Allocation to Welsh Government MEGs | | 28,634,008 | 413,966 | 29,047,974 |
| Unallocated Resource | Fiscal Resource | 6,369 | -4,520 | 1,849 |
| | Non-Fiscal Resource | 151,533 | 188,199 | 339,732 |
| Unallocated Capital | General Capital | 37,138 | 443 | 37,581 |
| Overallocated Capital | Financial Transactions | -13,777 | 57 | -13,720 |
| Senedd Commission | | 83,845 | 773 | 84,618 |
| Public Services Ombudsman for Wales | | 6,392 | 84 | 6,476 |
| Wales Audit Office | | 9,791 | 389 | 10,180 |
| Electoral Commission | | 2,742 | 0 | 2,742 |
| Direct Charges to the Welsh Consolidated Fund | | 842 | -5 | 837 |
| TOTAL WELSH BUDGET | | 28,918,883 | 599,386 | 29,518,269 |

Table 3.3 – Changes to the Welsh Government MEG Resource Allocations

| MAIN EXPENDITURE GROUPS (MEGs) | £000s | | | | | |
|--|----------------------------|----------------|--|----------------------------|-----------|--|
| | FISCAL | | | NON-FISCAL | | |
| | 2025-26 Final Budget | Changes | 2025-26 Supplementary Budget New Plans June 2025 | 2025-26 Final Budget | Changes | 2025-26 Supplementary Budget New Plans June 2025 |
| Health and Social Care | 11,975,555 | 259,121 | 12,234,676 | 325,509 | 0 | 325,509 |
| Housing and Local Government | 5,483,188 | 92,565 | 5,575,753 | 0 | 0 | 0 |
| Education | 1,800,854 | 18,494 | 1,819,348 | 267,594 | 0 | 267,594 |
| Transport | 661,777 | 4,304 | 666,081 | 226,691 | 0 | 226,691 |
| Climate Change and Rural Affairs | 579,966 | 2,916 | 582,882 | 20,938 | 0 | 20,938 |
| Economy, Energy and Planning | 465,586 | 6,786 | 472,372 | 32,664 | 64 | 32,728 |
| Social Justice | 139,296 | 2,909 | 142,205 | 507 | -20 | 487 |
| Central Services and Administration | 426,979 | 1,254 | 428,233 | 18,538 | 0 | 18,538 |
| Total Allocation to Welsh Government MEGs | 21,533,201 | 388,349 | 21,921,550 | 892,441 | 44 | 892,485 |

Table 3.4 – Changes to the Welsh Government MEG Capital Allocations

| MAIN EXPENDITURE GROUPS (MEGs) | £000s | | | | | |
|--|----------------------------|---------------|--|-------------------------|-------------|--|
| | GENERAL CAPITAL | | | FINANCIAL TRANSACTIONS | | |
| | 2025-26 Final Budget | Changes | 2025-26 Supplementary Budget New Plans June 2025 | 2025-26 Final Budget | Changes | 2025-26 Supplementary Budget New Plans June 2025 |
| Health and Social Care | 619,480 | 3,745 | 623,225 | 0 | 0 | 0 |
| Housing and Local Government | 1,196,280 | 0 | 1,196,280 | 72,862 | 0 | 72,862 |
| Education | 374,500 | 0 | 374,500 | -1,701 | -240 | -1,941 |
| Transport | 529,197 | 0 | 529,197 | 0 | 0 | 0 |
| Climate Change and Rural Affairs | 306,566 | -3,912 | 302,654 | 10,000 | 0 | 10,000 |
| Economy, Energy and Planning | 327,676 | 15,320 | 342,996 | 16,478 | 0 | 16,478 |
| Social Justice | 17,890 | 0 | 17,890 | 1,461 | -10 | 1,451 |
| Central Services and Administration | 14,609 | 700 | 15,309 | 0 | 0 | 0 |
| Total Allocation to Welsh Government MEGs | 3,386,198 | 15,853 | 3,402,051 | 99,100 | -250 | 98,850 |

- 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 £342,617k comprising:

- An increase from Barnett consequentials totalling £270,107k and comprising:
 - £13,823k in respect of funding announced in the UK Spring Statement 2025; and
 - £256,284k received at the UK Government's Main Estimates in May 2025 of which £185,427k is in respect of funding for the increase in employer National Insurance Contributions (NICs);
- A transfer in of £61,317k from the Home Office in respect of the Immigration Health Surcharge;
- Transfers in of £1,021k from HM Treasury reserves comprising:
 - £846k in respect of Financial Advice Services;
 - £175k due to the correction of previous errors by HMT;
- Transfers in of £3,738k from the Ministry of Justice in respect of Parc Learning and Skills Funding;
- A transfer in of £1,453k from the Ministry of Housing, Communities & Local Government in respect of the Homes for Ukraine;
- A transfer in of £125k from HMRC in respect of Debt Advice Funding;
- A transfer in of £5,000k from DWP in respect of the Economic Inactivity Trailblazer;
- A transfer out of £(16)k to the Cabinet Office in respect of the Welsh Government's contribution to 'Civil Service Live 2025'; and

- A transfer out of £(128)k to HM Treasury in respect of funding the Office for Budget Responsibility for work undertaken on devolved tax forecasts.

Non-Fiscal Resource

- 3.4** Since the Final Budget the non-fiscal resource baseline has increased by £188,243k at the UK Government's Main Estimates, comprising £35,997k in general depreciation and £152,246k ringfenced for student loans.

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.
- 3.6** The amount required to repay principal borrowing has reduced since the Final Budget. This increases the amount of financing available by £2,396k.

General Capital

- 3.7** The general capital baseline has increased by a net amount of £16,353k comprising:
- An increase in Barnett consequentials totalling £742k and comprising:
 - £2,304k in respect of funding announced in the UK Spring Statement Budget 2025; and
 - A decrease from Barnett consequentials of £(1,562)k at the UK Government's Main Estimates in May 2025;
 - A transfer in of £591k from HM Treasury reserves due to the correction of previous errors; and,
 - A transfer in of £15,020k from Ministry of Housing, Communities & Local Government in respect of Freeports.

Financial Transactions Capital

- 3.8** The financial transaction baseline has decreased by £(193)k since the 2025-26 Final Budget due to the correction of previous errors by HM Treasury.

Table 3.5 – Summary of the Welsh Government MEG Total Allocations

| 2025-26 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 | 12,234,676 | 325,509 | 12,560,185 | 623,225 | 0 | 623,225 | 262,953 | 6,500 | 269,453 | 13,452,863 |
| Housing and Local Government | 5,575,753 | 0 | 5,575,753 | 1,196,280 | 72,862 | 1,269,142 | 1,112,062 | 0 | 1,112,062 | 7,956,957 |
| Education | 1,819,348 | 267,594 | 2,086,942 | 374,500 | -1,941 | 372,559 | -113,681 | 1,386,253 | 1,272,572 | 3,732,073 |
| Transport | 666,081 | 226,691 | 892,772 | 529,197 | 0 | 529,197 | 2,000 | 0 | 2,000 | 1,423,969 |
| Climate Change and Rural Affairs | 582,882 | 20,938 | 603,820 | 302,654 | 10,000 | 312,654 | 7,000 | 0 | 7,000 | 923,474 |
| Economy, Energy and Planning | 472,372 | 32,728 | 505,100 | 342,996 | 16,478 | 359,474 | 66,525 | 0 | 66,525 | 931,099 |
| Social Justice | 142,205 | 487 | 142,692 | 17,890 | 1,451 | 19,341 | 226 | 0 | 226 | 162,259 |
| Central Services and Administration | 428,233 | 18,538 | 446,771 | 15,309 | 0 | 15,309 | 3,200 | 0 | 3,200 | 465,280 |
| TOTAL ALLOCATIONS TO WELSH GOVERNMENT MEGs | 21,921,550 | 892,485 | 22,814,035 | 3,402,051 | 98,850 | 3,500,901 | 1,340,285 | 1,392,753 | 2,733,038 | 29,047,974 |

4. Transfers between Ministerial Portfolios

- 4.1** There have been multiple transfers between Ministerial portfolios in this supplementary budget totalling £14,647k. 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 | 1,300 | -1,990 | -690 | 3,745 | 0 | 3,745 |
| Housing and Local Government | 45 | -5,067 | -5,022 | 0 | 0 | 0 |
| Education | 4,709 | -40 | 4,669 | 0 | 0 | 0 |
| Transport | 0 | 0 | 0 | 0 | 0 | 0 |
| Climate Change and Rural Affairs | 1,041 | 0 | 1,041 | 0 | -4,745 | -4,745 |
| Economy, Energy and Planning | 1,367 | -1,860 | -493 | 1,000 | -700 | 300 |
| Social Justice | 500 | -200 | 300 | 0 | 0 | 0 |
| Central Services and Administration | 240 | -45 | 195 | 700 | 0 | 700 |
| | 9,202 | -9,202 | 0 | 5,445 | -5,445 | 0 |

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

Fiscal Resource

- 4.3** A transfer of £3,700k from the Homelessness Support and Prevention BEL within the Housing and Local Government MEG to the Youth Engagement and Employment BEL within the Education MEG in respect of homelessness early identification and intervention.
- 4.4** A transfer of £1,367k from the Non-Domestic Rates - Rates Relief BEL within the Housing and Local Government MEG to the Creative Wales BEL within the Economy, Energy and Planning MEG in respect of funding for NDR studio rates relief fund in Wales.

- 4.5** A transfer of £1,200k from the Business and Regional Economic Development BEL within the Economy, Energy and Planning MEG to the Other NHS Budgets (Expenditure) BEL within the Health and Social Care MEG in respect of Life Science Hub Wales core funding.
- 4.6** A transfer of £1,041k from the Other NHS Budgets (Expenditure BEL in the Health and Social Care MEG to the Invest to Save – Green Growth BEL in the Climate Change and Rural Affairs MEG in respect of repayments from Health Board projects.

General Capital

- 4.7** A transfer of £3.745m from the Welsh Government Energy Service BEL within the Climate Change and Rural Affairs MEG to the Core NHS Allocations BEL within the Health and Social Care MEG in respect of solar canopy car park, University Hospital Llandough.
- 4.8** A transfer of £1,000k from the Resource Efficiency and Circular Economy BEL within the Climate Change and Rural Affairs MEG to the Business and Regional Economic Development BEL within the Economy, Energy and Planning MEG in respect of the Economy Futures Fund.

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 Care

5.2 Multiple resource transfers totalling £23,050k have taken place between BELs within the Health and Social Care MEG, the most significant of these are:

- £21,688k resource funding from the Core NHS Allocations BEL to various BELs to correctly align the allocations to Local Health Boards and align allocations to fund specific commitments; £1,000k resource funding from the Workforce Development Central Budgets BEL to the Health Education Improvement Wales BEL in respect of the NHS Wales Education Commissioning and Training Plan for 2025/26.

Housing and Local Government

5.3 Multiple resource transfers totalling £1,355k and capital transfers totalling £72,100k have taken place between BELs within the Housing and Local Government MEG, the most significant of which are:

- £1,153k resource funding from the Election Policy BEL to the Democracy and Boundary Commission Cymru BEL in respect of the Welsh Elections Information Platform Regulations 2025; and,
- £72,000k capital funding from the Building Safety BEL consisting of:
 - £55,000k to the Social Housing Grants (SHG) BEL in respect of the Transitional Accommodation Capital Programme; and
 - £17,000k to the Regeneration BEL to support a pipeline of deliverable projects in 2025/26.

Education

- 5.4** Multiple resource transfers totalling £9,998k have taken place between BELs within the Education MEG, the most significant of which are:
- transfer of £4,730k from the Supporting Digital Learning in Education BEL to the Education Infrastructure BEL to align non-cash allocation with capital funding for Microsoft Licenses; and,
 - transfer of £2,426k from the Welsh in Education BEL to the Curriculum and Assessment BEL for Adnodd.

Transport

- 5.5** No transfers have taken place between BELs within the Transport MEG.

Climate Change and Rural Affairs

- 5.6** Multiple resource transfers totalling £4,362k and capital transfers totalling £8,188k have taken place between BELs within the Climate Change and Rural Affairs MEG, the most significant of which are:
- £1,920k resource funding from the Flood Risk Management & Water Policy Delivery BEL to the Natural Resources Wales BEL in respect of Water Quality Enforcement 2025-26;
 - £1,052k capital funding from the Welsh Government Energy Service BEL to the Invest to Save – Green Growth BEL; and
 - £1,000k capital funding from the Biodiversity and Evidence BEL and £4,200k from the Resource Efficiency and Circular Economy BEL to the Plant and Wildlife Protection, Peatlands and Regulation BEL (£5,200k in total) in respect of soil and peatlands.

Economy, Energy and Planning

5.7 Multiple resource transfers totalling £3,679k and a capital transfer of £5,000k have taken place between BELs within the Economy, Energy and Planning MEG, the most significant of which are:

- £1,396k resource from the Employability Including Young Persons Guarantee BEL to the Business Wales BEL in respect of self-employment funding;
- £1,500k resource funding from the Business Wales BEL to the Business Innovation BEL in respect of innovation for staff costs following the end of EU programmes; and,
- £5,000k capital funding from the Science BEL to the Business Innovation BEL in respect of the transfer of ARTHUR programme funds.

Social Justice

5.8 A resource transfer of £100k has taken place between BELs within the Social Justice MEG.

Central Services and Administration

5.9 Multiple resource transfers totalling £970k and capital transfers totalling £8,402k have taken place between BELs within the Central Services and Administration MEG, the most significant of which is:

- £7,052k capital has been transferred from the General Administration Expenditure BEL to the new ICT Costs BEL to align budgets to delegated responsibilities.

6. Changes to Reserves

- 6.1** This budget regularises a number of allocations to and from reserves. A summary 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 £393,023k have been made from fiscal resource reserves in this supplementary budget. These comprise £220,597k relating to the increases in National Insurance Contributions across all the MEGs (see breakdown at paragraph 2.6), plus the following MEG allocations:
- Health and Social Care - £161,317, to the Core NHS Allocations BEL including:
 - £100,000k with further information to be provided later this week; and,
 - £61,317k in respect of the Immigration Health Surcharge.
 - Education - £3,738k:
 - £3,738k to the Offender Learning BEL in respect of funding received from the Ministry of Justice for learning and skills at HM Prison Parc in Bridgend.
 - Economy, Energy and Planning - £5,000k:
 - To the Employability Including Young Persons Guarantee BEL in respect of the Trailblazer project.
 - Social Justice - £2,371k:
 - To the Advice Services BEL in respect of income maximisation.

Transfers to Fiscal Resource Reserves

- 6.3** Transfers totalling £(4,674)k have been made into fiscal resource reserves in this supplementary budget from the following portfolios:

- £(3,841)k from the Central Services and Administration MEG, comprising:
 - £(3,697)k from the Cost of Borrowing BEL in relation to changes to the costs of borrowing;
 - £(128)k from the Devolved Taxes BEL in respect of the payment to HMT for the provision of independent tax forecasts by the Office for Budget Responsibility; and.
 - £(16)k from the General Administration Expenditure BEL as a contribution to Civil Service Live 2025.
- £(833)k from the Invest to Save – Green Growth BEL in the Climate Change and Rural Affairs MEG in respect of a revenue to capital switch.

Allocations from Non-Fiscal Resource Reserves

6.4 Allocations totalling £64k have been made from non-fiscal resource reserves to the Economy, Energy and Planning MEG in this supplementary budget. These comprise:

- £52k to the Cadw- Non Cash BEL in respect of leases; and,
- £12k to the ICT Infrastructure Operations – Non Cash BEL in respect of leased asset depreciation.

Transfers to Non-Fiscal Resource Reserves

6.5 Transfers totalling £(20)k have been made into non-fiscal resource reserves in this supplementary budget from the Social Justice MEG to reflect a reduction in non-fiscal requirements by the Older People's Commissioner.

Allocations from General Capital Reserves

6.6 Allocations totalling £15,853k have been made from general capital reserves in this supplementary budget. These comprise:

- Economy, Energy and Planning - £15,020k to the Freeports BEL in respect of the Anglesey and Celtic Freeports; and,

- Climate Change and Rural Affairs - £833k to the Invest to Save – Green Growth BEL in respect of a revenue to capital switch .

Allocations to General Capital Reserves

- 6.7** No transfers have been made into general capital reserves in this supplementary budget.

Allocations to Financial Transaction Capital Reserves

- 6.8** Transfers totalling £(250)k have been made into financial transaction capital reserves in this supplementary budget:
- Education - £(240)k from the Education Infrastructure BEL in respect of capital repayments on the loan issued to Neath Port Talbot College in 2024-25.
 - Social Justice - £(10)k in respect of funding financial inclusion loans.

Table 6.1 - Changes to the 2025-26 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 | 6,369 | 151,533 | 157,902 | 37,138 | (13,777) | 23,361 | 181,263 |
| Transfers & Consequentials since the Final Budget | 342,617 | 188,243 | 530,860 | 16,353 | (193) | 16,160 | 547,020 |
| Reduction in the principal repayment of borrowing | 2,396 | 0 | 2,396 | 0 | 0 | 0 | 2,396 |
| Drawdown from the Wales Reserve | 40,000 | 0 | 40,000 | 0 | 0 | 0 | 40,000 |
| Revised Reserves | 391,382 | 339,776 | 731,158 | 53,491 | (13,970) | 39,521 | 770,679 |
| MEG CHANGES AFFECTING RESERVES | | | | | | | |
| Health and Social Care | (259,811) | 0 | (259,811) | 0 | 0 | 0 | (259,811) |
| Housing and Local Government | (97,587) | 0 | (97,587) | 0 | 0 | 0 | (97,587) |
| Education | (13,825) | 0 | (13,825) | 0 | 240 | 240 | (13,585) |
| Transport | (4,304) | 0 | (4,304) | 0 | 0 | 0 | (4,304) |
| Climate Change and Rural Affairs | (1,875) | 0 | (1,875) | (833) | 0 | (833) | (2,708) |
| Economy, Energy and Planning | (7,279) | (64) | (7,343) | (15,020) | 0 | (15,020) | (22,363) |
| Social Justice | (2,609) | 20 | (2,589) | 0 | 10 | 10 | (2,579) |
| Central Services and Administration | (1,059) | 0 | (1,059) | 0 | 0 | 0 | (1,059) |

| | | | | | | | |
|---|------------------|----------------|------------------|-----------------|-----------------|-----------------|------------------|
| MEG CHANGES AFFECTING RESERVES | (388,349) | (44) | (388,393) | (15,853) | 250 | (15,603) | (403,996) |
| OTHER CHANGES AFFECTING RESERVES | | | | | | | |
| Senedd Commission | (716) | 0 | (716) | (57) | 0 | (57) | (773) |
| Public Services Ombudsman for Wales | (84) | 0 | (84) | 0 | 0 | 0 | (84) |
| Wales Audit Office | (389) | 0 | (389) | 0 | 0 | 0 | (389) |
| Direct Charges to the Welsh Consolidated Fund | 5 | 0 | 5 | 0 | 0 | 0 | 5 |
| OTHER CHANGES AFFECTING RESERVES | (1,184) | 0 | (1,184) | (57) | 0 | (57) | (1,241) |
| Reserves in this Budget | 1,849 | 339,732 | 341,581 | 37,581 | (13,720) | 23,861 | 365,442 |

7. Annually Managed Expenditure (AME) Budgets

7.1 AME budgets detailed in the 2025-26 Final Budget have been updated to reflect the forecasts provided to the Office for Budget Responsibility (OBR) and HM Treasury in January 2025.

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 | | |
| | 2025-26 Final Budget | Changes | 2025-26 Supplementary Budget New Plans June 2025 | 2025-26 Final Budget | Changes | 2025-26 Supplementary Budget New Plans June 2025 |
| Health and Social Care | 277,173 | -14,220 | 262,953 | 820 | 5,680 | 6,500 |
| Housing and Local Government | 1,114,803 | -2,741 | 1,112,062 | 0 | 0 | 0 |
| Education | -100,842 | -12,839 | -113,681 | 1,353,163 | 33,090 | 1,386,253 |
| Transport | 2,000 | 0 | 2,000 | 0 | 0 | 0 |
| Climate Change and Rural Affairs | 6,000 | 1,000 | 7,000 | 0 | 0 | 0 |
| Economy, Energy and Planning | 66,525 | 0 | 66,525 | 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 | 1,369,085 | -28,800 | 1,340,285 | 1,353,983 | 38,770 | 1,392,753 |

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 2025-26 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.

| 2025-26 SUPPLEMENTARY BUDGET | | | | | | | | | |
|--|------------------------|------------------------------|------------------|------------------|----------------------------------|-----------------------------|----------------|-------------------------------------|-------------------|
| £000s | | | | | | | | | |
| | Health and Social Care | Housing and Local Government | Education | Transport | Climate Change and Rural Affairs | Economy Energy and Planning | Social Justice | Central Services and Administration | TOTAL |
| Resource | 12,560,185 | 5,575,753 | 2,086,942 | 892,772 | 603,820 | 505,100 | 142,692 | 446,771 | 22,814,035 |
| Capital | 623,225 | 1,269,142 | 372,559 | 529,197 | 312,654 | 359,474 | 19,341 | 15,309 | 3,500,901 |
| Resource AME | 262,953 | 1,112,062 | -113,681 | 2,000 | 7,000 | 66,525 | 226 | 3,200 | 1,340,285 |
| Capital AME | 6,500 | 0 | 1,386,253 | 0 | 0 | 0 | 0 | 0 | 1,392,753 |
| TOTAL MANAGED EXPENDITURE | 13,452,863 | 7,956,957 | 3,732,073 | 1,423,969 | 923,474 | 931,099 | 162,259 | 465,280 | 29,047,974 |
| Reconciliation to Resources | | | | | | | | | |
| Resource Consumption - Welsh Government Sponsored Bodies | -39 | | -437 | | -16,000 | -38,566 | | | -55,042 |
| Supported Borrowing | | -88,800 | | | | | | | -88,800 |
| National Insurance Fund Receipts Collection Costs | -906 | | | | | | | | -906 |
| National Non-Domestic Rates Payable (and Collection Costs) | | -1,083,172 | | | | | | | -1,083,172 |
| Interest Repayments on Borrowing | | | | | | | | -16,249 | -16,249 |
| PFI | | | | -10,362 | | | | | -10,362 |
| RESOURCES REQUESTED | 13,451,918 | 6,784,985 | 3,731,636 | 1,413,607 | 907,474 | 892,533 | 162,259 | 449,031 | 27,793,443 |

Annex 3 – Glossary

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| 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. |

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|---|--|
| 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. |

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| 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. |