



Llywodraeth Cymru  
Welsh Government

WELSH GOVERNMENT

# Supplementary Budget

## 2022-2023

### Explanatory Note

February 2023

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## 1. Introduction

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- 1.1** The Welsh Government today tabled the second supplementary budget for 2022-23 in accordance with Standing Order 20. This supplementary budget proposes changes to the First Supplementary Budget for 2022-23 as approved by Senedd Cymru ('the Senedd') on 12 July 2022.
- 1.2** Since the publication of the First Supplementary Budget there have been changes in Ministerial responsibilities. The First Supplementary Budget baseline figures in the tables within this document have been restated in accordance with the new Ministerial Portfolios announced in September 2022. Details of the restated baselines can be found at Annex 1.
- 1.3** 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.
- 1.4** The changes proposed in this budget are summarised in the following chapters.
- 1.5** This document supports the detailed 'Budget Expenditure Line (BEL) Tables' available on the Welsh Government's website.

## 2. Key Allocations To and From Reserves

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### 2.1 Support for Ukraine

As a Nation of Sanctuary we made a commitment to welcome those fleeing the conflict in Ukraine and £20m funding was allocated in the first supplementary budget to support initial work in setting up our super sponsor route, which has welcomed over 3,000 people to Wales so far.

In this second supplementary budget we have allocated a further **£91.664m** to support our humanitarian response to the Ukraine Conflict in year. This allocation is offset by **£74.4m** received from the UK Government.

In partnership with Local Authorities, supported by other organisations across Wales, we have increased the number of Welcome Centres and continue to draw on temporary initial accommodation to meet demand from arrivals. We continue to fund a national contact centre, helpline and arrival hubs.

We want to help those fleeing the conflict in Ukraine to transition from receiving a supportive welcome to active integration as quickly as possible so that they can settle into life in Wales and put down roots within our local communities. Working with local authorities we have developed a range of support mechanisms to facilitate independence and integration.

### 2.2 Support to the Health Service

This year has seen our NHS face a number of challenges, as it recovers from the pandemic, facing record demand and increased costs. Building on our Final Budget, this supplementary budget provides a package totalling **£170m** to support the NHS; and demonstrates our continued commitment as a Government to protect frontline services. £21.1m has been repurposed from other portfolios to fund this support.

This allocation will fund the **£81m** exceptional additional energy costs which the NHS faced this winter, as a result of volatility in the market caused by the war in Ukraine.

A further **£89m** supports the additional ongoing costs related to our Covid-19 response still faced by NHS organisations.

### **2.3 2022/2023 Pay Awards**

We believe all our public sector workers should be fairly rewarded for the important work they do. Unfortunately, Wales' current financial settlement falls far short of what is needed to meet the very significant challenges faced by our public services and workers across Wales.

In the absence of UK Government funding for pay settlements, further funding for any pay deals will need to come from existing budgets that have been eroded by a range of inflationary pressures.

Despite the challenging economic and fiscal context, we remain fully committed to doing all we can to protect the frontline public services that people rely on.

We have needed to make difficult choices given our competing priorities, but in this supplementary budget we have made allocations to the Health and Social Services MEG and the Education and The Welsh Language MEG of **£120m** and **£32m** respectively to support a potential settlement for [NHS Wales staff](#) and [teachers](#).

### **2.4 Non-Fiscal Resource DEL Movements**

There has been a significant reduction to the non-fiscal DEL and AME resources of £551m and £546m respectively (see Table 3.1).

The non-fiscal budget represents reductions in the value of assets i.e., depreciation and impairments.

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The largest reduction is reflected in the Education and The Welsh Language MEG and relates to student loans where the reduction in value of the student loan resource accounting and budgeting charge is forecast to be lower than expected in the first supplementary budget.

The reduction within the Climate Change MEG primarily reflects an expected increase to the value of forestry and biological assets held by Natural Resources Wales.

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

### **3. Changes to the Wales Budget since First Supplementary Budget 2022-23**

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**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 Supplementary Budget June 2022	Changes	2022-23 Supplementary Budget New Plans February 2023
	£000s	£000s	£000s
<b>RESOURCE FINANCING</b>			
<b>Departmental Expenditure Limit (DEL):</b>			
Fiscal	15,273,086	185,695	15,458,781
Non-Fiscal	1,782,731	-550,699	1,232,032
Drawdown from the Wales Reserve	34,000	91,000	125,000
<b>Annually Managed Expenditure (AME):</b>			
Fiscal	28,063	-2,192	25,871
Non-Fiscal	192,700	-546,057	-353,357
<b>Wales Devolved Financing:</b>			
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	14,196	394,738
Landfill Disposals Tax	35,188	8,251	43,439
Principal repayment of borrowing	-2,476	0	-2,476
<b>TOTAL RESOURCE FINANCING</b>	<b>21,231,581</b>	<b>-799,806</b>	<b>20,431,775</b>
<b>CAPITAL FINANCING</b>			
<b>Departmental Expenditure Limit (DEL):</b>			
General	2,717,270	-80,307	2,636,963
Financial Transactions	265,026	-70,312	194,714
Drawdown from the Wales Reserve	0	50,000	50,000
<b>Annually Managed Expenditure (AME):</b>			
Capital	1,051,806	-33,699	1,018,107
<b>Wales Devolved Financing:</b>			
Borrowing	150,000	0	150,000
<b>TOTAL CAPITAL FINANCING</b>	<b>4,184,102</b>	<b>-134,318</b>	<b>4,049,784</b>
<b>TOTAL WELSH FINANCING</b>	<b>25,415,683</b>	<b>-934,124</b>	<b>24,481,559</b>

**Table 3.2 – Allocation of the Wales Budget**

MAIN EXPENDITURE GROUPS (MEGs)		£000s		
		2022-23 Supplementary Budget June 2022 Restated	Changes	2022-23 Supplementary Budget New Plans February 2023
Health and Social Services		10,444,691	348,695	10,793,386
Finance and Local Government		5,748,654	102,577	5,851,231
Education and The Welsh Language		3,485,229	-714,560	2,770,669
Climate Change		3,042,556	-96,454	2,946,102
Economy		559,473	4,687	564,160
Rural Affairs		421,849	-777	421,072
Social Justice		276,352	-8,844	267,508
Central Services and Administration		358,680	3,837	362,517
<b>Total Allocation to Welsh Government MEGs</b>		<b>24,337,484</b>	<b>-360,839</b>	<b>23,976,645</b>
Unallocated Resource	Fiscal Resource	152,305	-150,824	1,481
	Non-Fiscal Resource	699,206	-360,299	338,907
Unallocated Capital	Financial Transactions	214,104	-72,546	141,558
General Capital Over Allocation		-68,228	7,818	-60,410
Senedd Commission <sup>Note 1</sup>		65,003	-1,075	63,928
Public Services Ombudsman for Wales <sup>Note 2</sup>		5,388	-16	5,372
Wales Audit Office <sup>Note 3</sup>		8,254	3,525	11,779
Electoral Commission <sup>Note 4</sup>		1,419	122	1,541
Direct Charges to the Welsh Consolidated Fund		748	10	758
<b>TOTAL WELSH BUDGET</b>		<b>25,415,683</b>	<b>-934,124</b>	<b>24,481,559</b>

**Notes**

1. A supplementary budget for 2022-23 was presented to Plenary by The Senedd Commission in February 2023. It reported a decrease of £835k in its fiscal resource and £240k in its non-fiscal resource.

2. A supplementary budget for 2022-23 was presented to the Finance Committee by the Public Service Ombudsman for Wales (PSOW) in September 2022. It reported a decrease in its fiscal resource of £16k.
3. A supplementary budget for 2022-23 was presented to the Finance Committee for the Wales Audit Office in September 2022. It reported an increase in fiscal resource of £96k an increase in non-fiscal resource of £4k and an increase in capital of £3,425k.
4. A supplementary budget for 2022-23 was presented to Llywydd's Committee by the Electoral Commission in October 2022. It reported an increase in fiscal resource of £122k.

**Table 3.3 – Changes to the Welsh Government MEG Resource Allocations**

MAIN EXPENDITURE GROUPS (MEGs)	£000s					
	FISCAL			NON-FISCAL		
	2022-23 Supplementary Budget June 2022 Restated	Changes	2022-23 Supplementary Budget New Plans February 2023	2022-23 Supplementary Budget June 2022 Restated	Changes	2022-23 Supplementary Budget New Plans February 2023
Health and Social Services	9,539,304	332,433	9,871,737	292,100	-7,314	284,786
Finance and Local Government	4,504,682	91,196	4,595,878	421	33	454
Education and The Welsh Language	1,763,121	31,650	1,794,771	460,105	-249,951	210,154
Climate Change	854,281	11,200	865,481	277,464	63,998	341,462
Economy	399,835	-10,550	389,285	17,136	677	17,813
Rural Affairs	356,587	23	356,610	10,817	0	10,817
Social Justice	229,532	-6,786	222,746	261	-21	240
Central Services and Administration	326,883	2,237	329,120	18,597	1,600	20,197
<b>Total Allocation to Welsh Government MEGs</b>	<b>17,974,225</b>	<b>451,403</b>	<b>18,425,628</b>	<b>1,076,901</b>	<b>-190,978</b>	<b>885,923</b>

**Table 3.4 – Changes to the Welsh Government MEG Capital Allocations**

MAIN EXPENDITURE GROUPS (MEGs)	£000s					
	GENERAL CAPITAL			FINANCIAL TRANSACTIONS		
	2022-23 Supplementary Budget June 2022 Restated	Changes	2022-23 Supplementary Budget New Plans February 2023	2022-23 Supplementary Budget June 2022 Restated	Changes	2022-23 Supplementary Budget New Plans February 2023
Health and Social Services	424,761	-14	424,747	0	0	0
Finance and Local Government	213,571	10,895	224,466	-20	0	-20
Education and The Welsh Language	355,848	-2,000	353,848	1,093	2,234	3,327
Climate Change	1,741,356	-51,081	1,690,275	69,062	0	69,062
Economy	117,686	1,560	119,246	-20,709	0	-20,709
Rural Affairs	54,445	-800	53,645	0	0	0
Social Justice	17,000	155	17,155	1,496	0	1,496
Central Services and Administration	10,000	0	10,000	0	0	0
<b>Total Allocation to Welsh Government MEGs</b>	<b>2,934,667</b>	<b>-41,285</b>	<b>2,893,382</b>	<b>50,922</b>	<b>2,234</b>	<b>53,156</b>

**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 £276,695k due to transfers actioned as part of the UK Government's Supplementary Estimates in February 2023 including drawing from the Wales Reserve. The change is comprised of the following movements:

- A net increase of £152,341k as a result of transfers with other Government departments which included the following transfers in excess of £1,000k;
  - A transfer in of £61,985k from the Department for Levelling Up, Housing and Communities (DLUHC) in respect of the Ukraine Refugees General Tariff;
  - A transfer in of £44,045k from the Home Office in respect of the balance due for 2022-23 for the Immigration Health Surcharge;
  - A transfer in of £22,800k from the Department of Health and Social Care (DHSC) in respect of the infected blood interim compensation payment scheme;
  - A transfer in of £12,415k from the Department for Education (DfE) in respect of the Ukraine Refugees Education Tariff;
  - A transfer in of £6,215k from DHSC in respect of antiviral deployment;
  - A transfer in of £5,683k from DHSC in respect of UK Health Security Agency (UKHSA) Covid transfers in Wales;
  - A transfer in of £2,634k from the Department for Transport (DfT) in respect of the maintenance and renewals of the Core Valley Lines;
  - A transfer in of £1,370k from DfE in respect of the balance regarding the education and childcare funding for Afghan refugees remaining in bridging hotels; and

- A transfer out of £5,435k to Department for Digital, Culture, Media and Sport (DCMS) in respect of the Nature Networks programme.
- An increase of £91,000k due to a drawdown from the Wales Reserve;
- An increase from Barnett consequentials totalling £62,673k.
- Transfers totalling £31,905k from HM Treasury in respect of non-Barnett funding, comprising:
  - £24,765k in respect of the Household Support Fund; and
  - £7,140k in respect of Business Rates repayments.
- Miscellaneous claims on UK Government reserves totalling £29,114k;
- A decrease of £57,440k as a result of a switch between resource funding and capital;
- A decrease of £32,661k as a result of a change in the block grant adjustment; and
- A decrease of £237k relating to the implementation of IFRS16 and applied in the Autumn Statement in November 2022.

### Non-Fiscal Resource

**3.4** Since the First Supplementary Budget the non-fiscal resource baseline has decreased by £550,699k, comprising:

- A decrease of £1,364k relating to the implementation of IFRS16 and applied in the Autumn Statement in November 2022;
- An increase from Barnett consequentials totalling £30,825k received at the UK Government's Supplementary Estimates in February 2023; and
- A decrease of £580,160k at Supplementary Estimates in respect of a non-Barnett adjustment to Student Loans.

### Wales Devolved Financing

**3.5** Devolved tax income has increased by £22,447k since the First Supplementary Budget comprising an increase of £14,196k in respect of Land Transaction Tax and an increase of £8,251k in respect of Landfill Disposals Tax.

The amount required to repay principal borrowing has remained unchanged at £2,476k.

### General Capital

- 3.6** The general capital baseline has decreased by £30,307k since the First Supplementary Budget as a result of the Supplementary Estimates in February 2023. The change is comprised of the following movements:
- A decrease of £75,000k in respect of the surrender of excess capital relating to the implementation of IFRS16;
  - A decrease from Barnett consequentials totalling £34,693k;
  - A decrease of £30,000k in respect of the Welsh Government's capital contribution to Ukraine;
  - An increase of £57,440k as a result of a switch between resource funding and capital;
  - An increase of £50,000k due to a drawdown from the Wales Reserve; and
  - An increase of £1,781k as a result of claims on UK Government reserves; and
  - A net increase of £165k as a result of transfers with other Government departments which included the following transfers in excess of £1,000k:
    - A transfer in of £7,031k from DfT in respect of the maintenance and renewals of the Core Valley Lines;
    - A transfer out of £4,966k to DCMS in respect of the Nature Networks programme; and
    - A transfer out of £1,500k to DCMS in respect of The Woodland Investment Grant.

## Financial Transactions Capital

- 3.7** Since the First Supplementary Budget there has been a reduction to the baseline ring-fenced for financial transaction capital of £70,312k due to Barnett consequentials actioned as part of the UK Government's Supplementary Estimates in February 2023.

**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	9,871,737	284,786	10,156,523	424,747	0	424,747	211,676	440	212,116	10,793,386
Finance and Local Government	4,595,878	454	4,596,332	224,466	-20	224,446	1,030,453	0	1,030,453	5,851,231
Education and The Welsh Language	1,794,771	210,154	2,004,925	353,848	3,327	357,175	-608,833	1,017,402	408,569	2,770,669
Climate Change	865,481	341,462	1,206,943	1,690,275	69,062	1,759,337	-20,178	0	-20,178	2,946,102
Economy	389,285	17,813	407,098	119,246	-20,709	98,537	58,525	0	58,525	564,160
Rural Affairs	356,610	10,817	367,427	53,645	0	53,645	0	0	0	421,072
Social Justice	222,746	240	222,986	17,155	1,496	18,651	25,871	0	25,871	267,508
Central Services and Administration	329,120	20,197	349,317	10,000	0	10,000	3,200	0	3,200	362,517
<b>TOTAL ALLOCATIONS TO WELSH GOVERNMENT MEGs</b>	<b>18,425,628</b>	<b>885,923</b>	<b>19,311,551</b>	<b>2,893,382</b>	<b>53,156</b>	<b>2,946,538</b>	<b>700,714</b>	<b>1,017,842</b>	<b>1,718,556</b>	<b>23,976,645</b>

## 4. Transfers between Ministerial Portfolios

4.1 There have been multiple transfers between Ministerial portfolios in this supplementary budget totalling £30,220k. The net impact of the transfers on each of the MEGs is summarised in the table below:

	Resource			Capital		
	To	From	Net Transfers	To	From	Net Transfers
H&SS	1,567	-6,683	-5,116	3,441	0	3,441
F&LG	791	-516	275	0	0	0
E&WL	18,063	-1,736	16,327	0	-2,000	-2,000
CC	4,187	-1,000	3,187	0	-1,220	-1,220
Economy	525	-12,467	-11,942	0	-221	-221
RA	900	-285	615	0	0	0
SJ	746	-3,972	-3,226	0	0	0
CS&A	0	-120	-120	0	0	0
	<b>26,779</b>	<b>-26,779</b>	<b>0</b>	<b>3,441</b>	<b>-3,441</b>	<b>0</b>

4.2 Details of the transfers in excess of £1,000k are as follows:

4.3 Two resource transfers totalling £5,349k from the Health and Social Services MEG to the Education and The Welsh Language MEG relating to the extension of the NHS Bursary arrangements comprising:

- £3,250k from the Other NHS Budget BEL to the Student Support Grants BEL and
- £2,099k from the Education and Training BEL to the HEFCW Programme Expenditure BEL.

4.4 Two transfers totalling £3,000k from the Education and The Welsh Language MEG to the Health and Social Services MEG in respect of the Mental Health Sanctuary Model and the Co-operation Agreement between Welsh Government and Plaid Cymru to deliver the mental health commitment to test alternatives to admission for young people in crisis. The transfers comprise:

- £1,000k resource from the Whole School Approach to Wellbeing BEL to the Mental Health BEL; and
- £2,000k capital from the Education Infrastructure BEL to the Mental Health BEL.

**4.5** Two resource transfers totalling £11,000k from the Employability Including Young Persons Guarantee BEL within the Economy MEG to the Post-16 Provision BEL within the Education and The Welsh Language MEG comprising:

- £10,000k additional investment for personal learning accounts; and
- £1,000k support to deliver the Net Zero Skills pilot.

**4.6** One resource transfer of £3,952k from the Financial Inclusion BEL within the Social Justice MEG to the Fuel Poverty Programme BEL within the Climate Change MEG in respect of the Fuel Bank Foundation.

## 5. Transfers within Ministerial Portfolios

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**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 £1,000k are detailed below:

### Health and Social Services

**5.2** Multiple resource transfers totalling £124,734k 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.

### Finance and Local Government

**5.3** A single transfer has taken place within the Finance and Local Government MEG. £1,233k has been transferred from the NDR Rates Relief BEL to the newly created Cost of Living Support Scheme BEL.

### Education and The Welsh Language

**5.4** Multiple resource transfers totalling £3,667k have taken place between BELs within the Education and The Welsh Language MEG, the most significant of which was the transfer of £2,300k from the Post-16 Provision BEL to the HEFCW Programme Expenditure BEL in respect of Renew and Reform Transition funding.

### Climate Change

**5.5** Four capital transfers totalling £58,534k have taken place between BELs within the Climate Change MEG. All involve the transfer of funds into the Social Housing Grant BEL and relate to the reprioritisation of the

Transitional Accommodation Capital Programme (TACP). The total comprises of:

- £23,000k transferred from the Integrated Care Fund BEL;
- £22,000k transferred from the Residential Decarbonisation and Quality BEL;
- £9,733k from the Market Housing and Other Schemes BEL; and
- £3,801k from the Major Repairs Allowance and Dowry Gap Funding BEL.

## Economy

**5.6** Multiple resource transfers totalling £6,467k have taken place between BELs within the Economy MEG, the most significant of which was £4,437k transferred from the Business and Regional Economic Development BEL to miscellaneous BELs relating to sponsored bodies, in order to support the pay uplift, utilities inflation and cost of living grants.

Multiple capital transfers totalling £3,935k have also taken place, the most significant of which was £1,540k transferred from miscellaneous BELs into the Sports Wales BEL in order to fund the FIFA World Cup legacy and BMW facility projects.

## Central Services and Administration

**5.7** There have been 2 transfers within BELs actioned within the Central Administration and Services MEG. A single resource transfer of £3,250k from the IT Costs BEL to the Staff Costs BEL in order to fund Transfer of Undertaking (Protection of Employment) (TUPE), and a single capital transfer of £1,000k from the IT Costs BEL to the Central Research BEL to ensure that budgets are aligned with costs.

## 6. Changes to Reserves

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**6.1** This budget regularises a number of allocations to and from reserves. Transfers in excess of £1,000k are detailed in sections 6.2 to 6.9 but a full list can be found in table 6.1.

### Allocations from Fiscal Resource Reserves

**6.2** Allocations totalling £542,680k have been made from fiscal resource reserves to the MEGs in this supplementary budget. These comprise:

- Health and Social Services:
  - £170,000k to the Core NHS Allocations BEL to support the NHS;
  - £120,000k to the Core NHS Allocations BEL to support a potential pay settlement for NHS Wales staff;
  - £44,045k to the Core NHS Allocations BEL following a transfer from the Home Office in respect of the Immigration Health Surcharge;
  - £22,800k to the Other Direct NHS Allocations BEL following a transfer from DHSC in respect of the infected blood interim compensation payment scheme;
  - £13,846k to the Core NHS Allocations BEL following a transfer from HM Treasury regarding prior year amounts for the Immigration Health Surcharge;
  - £6,215k to the Core NHS Allocations BEL following a transfer from DHSC in respect of antiviral deployment funding; and
  - £5,682k to the Core NHS Allocations BEL following a transfer from DHSC in respect of UKHSA Covid Transfer to Wales.
- Finance and Local Government:
  - £51,438k and £40,226k to the Emergency Financial Assistance BEL in respect of the package of support for Ukraine;
  - £12,350k to the Emergency Financial Assistance BEL in respect of the costs of maintaining the Self Isolation Support Scheme; and

- £1,702k to the Emergency Financial Assistance BEL following a transfer from HM Treasury central reserves for costs associated with the death of Her Majesty The Queen.
- Education and The Welsh Language:
  - £32,000k to the Teacher Development and Support BEL to support a potential pay settlement for teachers; and
  - £1,370k to the School Improvement Grant BEL following a transfer from DfE for the balance of funding for the education and childcare funding for Afghan refugees remaining in bridging hotels.
- Climate Change:
  - £11,000k to the Transport for Wales BEL to correct an error in the calculation of the resource budget reduction for the implementation of IFRS16; and
  - £2,634k to the Transport for Wales BEL following a transfer from DfT in respect of the maintenance and renewals of the Core Valley Lines;
- Economy:
  - £1,571k to the Border Controls BEL following a transfer from HM Treasury reserves;
- Central Services and Administration:
  - £2,100k to the Investigations BEL in respect of the Covid inquiry.

### Transfers to Fiscal Resource Reserves

**6.3** Transfers totalling £92,091k have been made from the MEGs into fiscal resource reserves in this supplementary budget and include:

- Health and Social Services:
  - £46,545k from the Research and Development BEL relating to a switch from resource to capital for the reclassification of R&D budgets as per ESA10 (European System of Accounts); and
  - £1,000k from the Health Promotion BEL and the reduction to the cost of living allocation made at final budget;

- Finance and Local Government:
  - £9,958k from the Emergency Financial Assistance BEL relating to a switch from resource to capital to meet the remediation costs of the floods in February 2020; and
  - £3,900k from the Invest to Save BEL relating to a forecast underspend and the reallocation of resources;
- Education and The Welsh Language:
  - £13,300k from the Student Support Grants BEL in respect of a contribution for the reprioritisation of resources: and
  - £4,754k from the Post-16 Provision BEL relating to reclaimed Covid funding from Further Education Colleges;
- Climate Change:
  - £5,435k from the Biodiversity, Evidence and Plant Health BEL to cover a transfer to DCMS paid from central reserves at supplementary estimates;
- Economy:
  - £1,351k from the Property Infrastructure BEL relating to the implementation of IFRS16; and
- Social Justice:
  - £3,900k from the Financial Inclusion BEL relating to a forecast underspend and the reallocation of resources.

#### Allocations from Non-Fiscal Resource Reserves

**6.4** Allocations totalling £74,172k have been made to the MEGs from non-fiscal resource reserves in this supplementary budget and includes:

- Education and The Welsh Language:
  - £2,488k to the Supporting Digital Learning in Education BEL in respect of the amortisation of the licensing agreement for Microsoft 365;
- Climate Change:

- £44,000k to the Transport for Wales BEL relating to an increase in the depreciation of the Core Valley Lines and depreciation for Transport for Wales Rail Limited; and
- £25,309k to the Network Operations BEL relating to an increase in the depreciation of the roads network;
- Central Services and Administration:
  - £1,600k to the General Administration Expenditure BEL in respect of the accelerated depreciation on the book value of two properties.

### Allocations to Non-Fiscal Resource Reserves

**6.5** £264,336k has been transferred from the MEGs into non-fiscal resource reserves in this supplementary budget and includes:

- Health and Social Services:
  - £6,523k from the Core NHS Allocations BEL in respect of a reduction in the non-fiscal requirement for the implementation of IFRS16 within NHS Wales.
- Education and The Welsh Language:
  - £252,439k from the Student Loans Resource Budget Provision BEL relating to student loans and the reduction in value of the student loan Resource Accounting and Budgeting charge; and
- Climate Change:
  - £5,311k from the Transport for Wales BEL regarding a reduction in the non-fiscal requirement for the implementation of IFRS16.

### Allocations from General Capital Reserves

**6.6** Allocations totalling £66,807k have been made to the MEGs from general capital reserves in this supplementary budget and includes:

- Health and Social Services:
  - £46,545k to the Research and Development BEL relating to a switch from resource to capital for the reclassification of R&D budgets as per ESA10 (European System of Accounts);

- Finance and Local Government:
  - £9,958k to the Emergency Financial Assistance BEL relating to a switch from resource to capital to meet the remediation costs of the floods in February 2020;
- Climate Change:
  - £7,031k to the Transport for Wales BEL following a transfer from DfT in respect of the maintenance and renewals of the Core Valley Lines; and
- Economy:
  - £1,781k to the Border Controls BEL following a transfer from HM Treasury reserves.

#### Allocations to General Capital Reserves

**6.7** £108,092k has been transferred from the MEGs into general capital reserves in this supplementary budget and includes:

- Health and Social Services:
  - £50,000k from the Core NHS Allocations BEL regarding a reduction in the capital requirement for the implementation of IFRS16 by NHS Wales;
- Climate Change:
  - £50,826k from the Transport for Wales BEL regarding a reduction in the capital requirement for the implementation of IFRS16 which, due to timing differences, is no longer required; and
  - £6,466k to cover 2 transfers to DCMS paid from central reserves at supplementary estimates. £4,966k from the Biodiversity, Evidence and Plant Health BEL and £1,500k from the Forestry BEL.

#### Allocations with Financial Transaction Capital Reserves

**6.8** There have been net transfers totalling £2,234k with the financial transaction capital reserves in the supplementary budget. The transfers

all involve the Education Infrastructure BEL within the Education and The Welsh Language MEG and relate to the Multi Investment Model (MIM).

#### Other Transfers With Reserves

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

- A net decrease of £623k in fiscal reserves;
- A net decrease of £236k in non-fiscal reserves; and
- A net increase of £3,160k in general capital reserves.

Table 6.1 below reflects all the movements on reserves:

**Table 6.1 - Changes to the 2022-23 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
<b>Reserves as per First Supplementary Budget</b>	152,305	699,206	<b>851,511</b>	<b>(68,228)</b>	214,104	<b>145,876</b>	<b>997,387</b>
Transfers & Consequentials since the First Supplementary Budget	275,796	<b>(550,699)</b>	<b>(274,903)</b>	<b>(137,747)</b>	<b>(70,312)</b>	<b>(208,059)</b>	<b>(482,962)</b>
Change in Devolved Tax Forecast Adjustments	<b>(10,214)</b>	0	<b>(10,214)</b>	0	0	<b>0</b>	<b>(10,214)</b>
Budget Switches	<b>(57,440)</b>	0	<b>(57,440)</b>	57,440	0	<b>57,440</b>	<b>0</b>
Drawdown from the Wales Reserve	91,000	0	<b>91,000</b>	50,000	0	<b>50,000</b>	<b>141,000</b>
<b>Revised Reserves</b>	<b>451,447</b>	<b>148,507</b>	<b>599,954</b>	<b>(98,535)</b>	<b>143,792</b>	<b>45,257</b>	<b>645,211</b>
<b>CHANGES:</b>							
<b>HEALTH &amp; SOCIAL SERVICES</b>							
<b>IFRS 16:</b>	<b>0</b>	<b>(6,500)</b>	<b>(6,500)</b>	<b>(50,000)</b>	<b>0</b>	<b>(50,000)</b>	<b>(56,500)</b>
Core NHS Allocations	0	<b>(6,523)</b>	<b>(6,523)</b>	<b>(50,000)</b>	0	<b>(50,000)</b>	<b>(56,523)</b>
Digital Health and Care Wales	0	23	<b>23</b>	0	0	<b>0</b>	<b>23</b>
<b>Others:</b>	<b>336,735</b>	<b>0</b>	<b>336,735</b>	<b>46,545</b>	<b>0</b>	<b>46,545</b>	<b>383,280</b>
Core NHS Allocations	360,364	0	<b>360,364</b>	0	0	<b>0</b>	<b>360,364</b>
Other Direct NHS Allocations	23,345	0	<b>23,345</b>	0	0	<b>0</b>	<b>23,345</b>
Mental Health - Individual Placement Support / I CAN Work project	600	0	<b>600</b>	0	0	<b>0</b>	<b>600</b>
Substance Misuse Action Plan Fund - Shared Outcomes Fund - Bold Programme	<b>(110)</b>	0	<b>(110)</b>	0	0	<b>0</b>	<b>(110)</b>

Health Promotion - Cost of Living Support	(1,000)	0	(1,000)	0	0	0	(1,000)
Research and Development	(46,545)	0	(46,545)	46,545	0	46,545	0
Social Care Wales - Pay Parity within ALBs	81	0	81	0	0	0	81
<b>HEALTH &amp; SOCIAL SERVICES</b>	<b>336,735</b>	<b>(6,500)</b>	<b>330,235</b>	<b>(3,455)</b>	<b>0</b>	<b>(3,455)</b>	<b>326,780</b>
<b>FINANCE AND LOCAL GOVERNMENT</b>							
<b>Others:</b>	<b>90,921</b>	<b>33</b>	<b>90,954</b>	<b>10,895</b>	<b>0</b>	<b>10,895</b>	<b>101,849</b>
Emergency Financial Assistance	95,758	0	95,758	9,958	0	9,958	105,716
Invest to Save - Switch Resource to Capital	(4,837)	0	(4,837)	937	0	937	(3,900)
Care Inspectorate Wales - Revised Non Cash Requirement	0	(42)	(42)	0	0	0	(42)
Healthcare Inspectorate Wales - Revised Non Cash Requirement	0	75	75	0	0	0	75
<b>FINANCE AND LOCAL GOVERNMENT</b>	<b>90,921</b>	<b>33</b>	<b>90,954</b>	<b>10,895</b>	<b>0</b>	<b>10,895</b>	<b>101,849</b>
<b>EDUCATION AND THE WELSH LANGUAGE</b>							
<b>Others:</b>	<b>15,323</b>	<b>(249,951)</b>	<b>(234,628)</b>	<b>0</b>	<b>2,234</b>	<b>2,234</b>	<b>(232,394)</b>
Teacher Development and Support	32,000	0	32,000	0	0	0	32,000
HEFCW Programme Expenditure - Pay Parity within ALBs	7	0	7	0	0	0	7
Student Support Grants	(13,300)	0	(13,300)	0	0	0	(13,300)
Student Loans Resource Budget Provision	0	(252,439)	(252,439)	0	0	0	(252,439)
Post-16 Provision	(4,754)	0	(4,754)	0	0	0	(4,754)
Education Infrastructure	0	0	0	0	2,234	2,234	2,234
School Improvement Grant	1,370	0	1,370	0	0	0	1,370
Supporting Digital Learning in Education	0	2,488	2,488	0	0	0	2,488
<b>EDUCATION AND THE WELSH LANGUAGE</b>	<b>15,323</b>	<b>(249,951)</b>	<b>(234,628)</b>	<b>0</b>	<b>2,234</b>	<b>2,234</b>	<b>(232,394)</b>

CLIMATE CHANGE							
<b>IFRS 16:</b>	<b>11,000</b>	<b>(5,311)</b>	<b>5,689</b>	<b>(50,826)</b>	<b>0</b>	<b>(50,826)</b>	<b>(45,137)</b>
Transport for Wales	11,000	(5,311)	5,689	(50,826)	0	(50,826)	(45,137)
<b>Others:</b>	<b>(2,987)</b>	<b>69,309</b>	<b>66,322</b>	<b>965</b>	<b>0</b>	<b>965</b>	<b>67,287</b>
Network Operations Non Cash	0	25,309	25,309	0	0	0	25,309
Transport for Wales	2,634	44,000	46,634	7,031	0	7,031	53,665
Landscape & Outdoor Recreation - Parks Fund	114	0	114	400	0	400	514
Biodiversity, Evidence and Plant Health	(5,435)	0	(5,435)	(4,966)	0	(4,966)	(10,401)
Forestry - National Heritage Lottery Fund	(300)	0	(300)	(1,500)	0	(1,500)	(1,800)
<b>CLIMATE CHANGE</b>	<b>8,013</b>	<b>63,998</b>	<b>72,011</b>	<b>(49,861)</b>	<b>0</b>	<b>(49,861)</b>	<b>22,150</b>
ECONOMY							
<b>IFRS 16:</b>	<b>(1,320)</b>	<b>677</b>	<b>(643)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(643)</b>
Property Infrastructure	(1,320)	677	(643)	0	0	0	(643)
<b>Others:</b>	<b>2,712</b>	<b>0</b>	<b>2,712</b>	<b>1,781</b>	<b>0</b>	<b>1,781</b>	<b>4,493</b>
Cadw - 15 Minute Heritage	(9)	0	(9)	0	0	0	(9)
Employability Including Young Persons Guarantee - Pay Parity within ALBs	296	0	296	0	0	0	296
Amgueddfa Cymru - National Museums of Wales - Pay Parity within ALBs	693	0	693	0	0	0	693
National Library of Wales - Pay Parity within ALBs	87	0	87	0	0	0	87
Arts Council of Wales - Pay Parity within ALBs	18	0	18	0	0	0	18
Sport Wales - Pay Parity within ALBs	56	0	56	0	0	0	56
Border Controls	1,571	0	1,571	1,781	0	1,781	3,352
<b>ECONOMY</b>	<b>1,392</b>	<b>677</b>	<b>2,069</b>	<b>1,781</b>	<b>0</b>	<b>1,781</b>	<b>3,850</b>

<b>RURAL AFFAIRS</b>							
<b>Others:</b>	(592)	0	(592)	(800)	0	(800)	(1,392)
Local Places for Nature - National Heritage Lottery Fund	(592)	0	(592)	(800)	0	(800)	(1,392)
<b>RURAL AFFAIRS</b>	<b>(592)</b>	<b>0</b>	<b>(592)</b>	<b>(800)</b>	<b>0</b>	<b>(800)</b>	<b>(1,392)</b>
<b>SOCIAL JUSTICE</b>							
<b>IFRS 16:</b>	0	(21)	(21)	125	0	125	104
Older People's Commissioner	0	(15)	(15)	125	0	125	110
Children's Commissioner	0	(6)	(6)	0	0	0	(6)
<b>Others:</b>	<b>(3,560)</b>	<b>0</b>	<b>(3,560)</b>	<b>30</b>	<b>0</b>	<b>30</b>	<b>(3,530)</b>
Financial Inclusion	(3,900)	0	(3,900)	0	0	0	(3,900)
Older People Commissioner - Pay Parity within ALBs and Building Works	34	0	34	30	0	30	64
Future Generations Commissioner Wales - Pay Parity within ALBs	32	0	32	0	0	0	32
Equality, Inclusion and Human Rights - Tampon Tax	274	0	274	0	0		274
<b>SOCIAL JUSTICE</b>	<b>(3,560)</b>	<b>(21)</b>	<b>(3,581)</b>	<b>155</b>	<b>0</b>	<b>155</b>	<b>(3,426)</b>
<b>CENTRAL SERVICES &amp; ADMINISTRATION</b>							
<b>Others:</b>	<b>2,357</b>	<b>1,600</b>	<b>3,957</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,957</b>
General Administration Expenditure	0	1,600	1,600	0	0	0	1,600
Investigations	2,100	0	2,100	0	0	0	2,100
Cyber Resilience - 2 Cyber Projects	250	0	250	0	0	0	250
International Relations - Country Based Staff	7	0	7	0	0	0	7
<b>CENTRAL SERVICES &amp; ADMINISTRATION</b>	<b>2,357</b>	<b>1,600</b>	<b>3,957</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,957</b>

<b>OTHER CHANGES AFFECTING RESERVES</b>							
Senedd Commission	(835)	(240)	(1,075)	0	0	0	(1,075)
Public Services Ombudsman for Wales	(16)	0	(16)	0	0	0	(16)
Wales Audit Office	96	4	100	3,160		3,160	3,260
Electoral Commission	122	0	122	0	0	0	122
Direct Charges to the Welsh Consolidated Fund	10	0	10	0	0	0	10
<b>OTHER CHANGES AFFECTING RESERVES</b>	<b>(623)</b>	<b>(236)</b>	<b>(859)</b>	<b>3,160</b>	<b>0</b>	<b>3,160</b>	<b>2,301</b>
<b>Reserves in this Budget</b>	<b>1,481</b>	<b>338,907</b>	<b>340,388</b>	<b>(60,410)</b>	<b>141,558</b>	<b>81,148</b>	<b>421,536</b>

## 7. Annually Managed Expenditure (AME) Budgets

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**7.1** AME budgets detailed in this supplementary budget reflect the last forecasts provided to HM Treasury in January 2023. Adjustments made since the First Supplementary Budget was approved comprise:

- An increase of £23,590k in the Health and Social Services AME resource budget to reflect the latest forecasts for impairments and provisions relating to the NHS in Wales.
- An increase of £453k in the Finance and Local Government MEG in respect of a new provision for bad debts.
- A total decrease of £496,493k in the Education and The Welsh Language MEG AME budget to reflect the latest Student Loans forecasts, comprising:
  - A decrease in resource AME of £462,529k; and
  - A decrease in capital AME of £33,964k.
- A net decrease of £120,571k in the Climate Change MEG resource AME budget comprising:
  - An increase of £64,066k in respect of Market Housing;
  - A decrease of £94,637k in respect of road impairments;
  - An increase of £10,000k in respect of a new provision for Natural Resources Wales pensions; and
  - A decrease of £100,000k in respect of a new impairment relating to forestry and biological assets.
- A net increase of £13,000k in the Economy MEG resource AME budget relating to increases in the pension provisions for several sponsored bodies, comprising:
  - An increase of £6,000k for the National Museums of Wales;
  - An increase of £4,000k for the National Library of Wales; and

- 
- An increase of £3,000k for Sport Wales.
  - A decrease of £2,192k in the Social Justice MEG resource budget relating to fire service pensions.

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 Supplementary Budget June 2022 Restated	Changes	2022-23 Supplementary Budget New Plans February 2023	2022-23 Supplementary Budget June 2022 Restated	Changes	2022-23 Supplementary Budget New Plans February 2023
Health and Social Services	188,086	23,590	211,676	440	0	440
Finance and Local Government	1,030,000	453	1,030,453	0	0	0
Education and The Welsh Language	-146,304	-462,529	-608,833	1,051,366	-33,964	1,017,402
Climate Change	100,393	-120,571	-20,178	0	0	0
Economy	45,525	13,000	58,525	0	0	0
Rural Affairs	0	0	0	0	0	0
Social Justice	28,063	-2,192	25,871	0	0	0
Central Services and Administration	3,200	0	3,200	0	0	0
<b>Total Allocation to Welsh Government</b>	<b>1,248,963</b>	<b>-548,249</b>	<b>700,714</b>	<b>1,051,806</b>	<b>-33,964</b>	<b>1,017,842</b>

## Annex 1 – Restatement of First Supplementary Budget

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

**Plans for 2022-23 as at 1st Supplementary Budget, Restated**

£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	<b>9,831,404</b>	424,761	-	<b>424,761</b>	188,086	440	<b>188,526</b>	<b>10,444,691</b>
Finance and Local Government	4,504,682	421	<b>4,505,103</b>	213,571	(20)	<b>213,551</b>	1,030,000	-	<b>1,030,000</b>	<b>5,748,654</b>
Education and The Welsh Language	1,763,121	460,105	<b>2,223,226</b>	355,848	1,093	<b>356,941</b>	(146,304)	1,051,366	<b>905,062</b>	<b>3,485,229</b>
Climate Change	854,281	277,464	<b>1,131,745</b>	1,741,356	69,062	<b>1,810,418</b>	100,393	-	<b>100,393</b>	<b>3,042,556</b>
Economy	399,835	17,136	<b>416,971</b>	117,686	(20,709)	<b>96,977</b>	45,525	-	<b>45,525</b>	<b>559,473</b>
Rural Affairs	356,587	10,817	<b>367,404</b>	54,445	-	<b>54,445</b>	-	-	-	<b>421,849</b>
Social Justice	229,532	261	<b>229,793</b>	17,000	1,496	<b>18,496</b>	28,063	-	<b>28,063</b>	<b>276,352</b>
Central Services and Administration	326,883	18,597	<b>345,480</b>	10,000	-	<b>10,000</b>	3,200	-	<b>3,200</b>	<b>358,680</b>
<b>TOTAL ALLOCATIONS TO WELSH GOVERNMENT MEGs</b>	<b>17,974,225</b>	<b>1,076,901</b>	<b>19,051,126</b>	<b>2,934,667</b>	<b>50,922</b>	<b>2,985,589</b>	<b>1,248,963</b>	<b>1,051,806</b>	<b>2,300,769</b>	<b>24,337,484</b>

## MOVEMENTS

£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	-	-	-	-	-	-	-	-	-	-
Finance and Local Government	-	-	-	-	-	-	-	-	-	-
Education and The Welsh Language	-	-	-	-	-	-	-	-	-	-
Climate Change	(29,460)	(2,309)	(31,769)	(32,245)	-	(32,245)	-	-	-	(64,014)
Economy	17,927	2,309	20,236	15,000	-	15,000	-	-	-	35,236
Rural Affairs	11,533	-	11,533	17,245	-	17,245	-	-	-	28,778
Social Justice	-	-	-	-	-	-	-	-	-	-
Central Services and Administration	-	-	-	-	-	-	-	-	-	-
<b>NET MOVEMENT</b>	-	-	-	-	-	-	-	-	-	-

**2022-23 FIRST SUPPLEMENTARY BUDGET RESTATEMENT FOLLOWING CHANGES IN MINISTERIAL RESPONSIBILITIES**

Note: Unless annotated the movements listed below reflect the transfer of BELs between MEGs

<b>HEALTH &amp; SOCIAL SERVICES (H&amp;SS) - No Change</b>										
	Resource			Capital			AME			TOTAL
	Fiscal	Non Fiscal	Resource Total	General	Financial Transactions	Capital Total	Resource	Capital	AME Total	
Restated 1st Supplementary Budget	9,539,304	292,100	9,831,404	424,761	-	424,761	188,086	440	188,526	10,444,691

<b>FINANCE &amp; LOCAL GOVERNMENT (F&amp;LG) - No Change</b>										
	Resource			Capital			AME			TOTAL
	Fiscal	Non Fiscal	Resource Total	General	Financial Transactions	Capital Total	Resource	Capital	AME Total	
Restated 1st Supplementary Budget	4,504,682	421	4,505,103	213,571	(20)	213,551	1,030,000	-	1,030,000	5,748,654

<b>EDUCATION AND THE WELSH LANGUAGE (E&amp;WL) - No Change</b>										
	Resource			Capital			AME			TOTAL
	Fiscal	Non Fiscal	Resource Total	General	Financial Transactions	Capital Total	Resource	Capital	AME Total	
Restated 1st Supplementary Budget	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 (CC)											£000s
Plans for 2022-23 as at 1st Supplementary Budget, June 2022		Resource			Capital			AME			TOTAL
		Fiscal	Non Fiscal	Resource Total	General	Financial Transactions	Capital Total	Resource	Capital	AME Total	
		883,741	279,773	1,163,514	1,773,601	69,062	1,842,663	100,393	-	100,393	
<b>Transferred Out:</b>	<b>To:</b>										
Centre for Digital Public Services	Econ	(4,900)	-	(4,900)	-	-	-	-	-	-	(4,900)
Public Sector Broadband Aggregation	Econ	(11,500)	-	(11,500)	-	-	-	-	-	-	(11,500)
ICT Infrastructure Operations	Econ	(1,527)	(2,309)	(3,836)	(15,000)	-	(15,000)	-	-	-	(18,836)
Landfill Disposal Tax Communities Schemes	RA	(1,500)	-	(1,500)	-	-	-	-	-	-	(1,500)
Local Places for Nature	RA	(2,700)	-	(2,700)	(10,110)	-	(10,110)	-	-	-	(12,810)
Enabling Natural Resources	RA	(4,421)	-	(4,421)	(2,000)	-	(2,000)	-	-	-	(6,421)
Environment Protection <sup>Note 1</sup>	RA	(694)	-	(694)	-	-	-	-	-	-	(694)
Biodiversity, Evidence and Plant Health <sup>Note</sup>	RA	(871)	-	(871)	-	-	-	-	-	-	(871)
Landscape and Outdoor Recreation <sup>Note</sup>	RA	(1,347)	-	(1,347)	(5,135)	-	(5,135)	-	-	-	(6,482)
<b>Restated 1st Supplementary Budget</b>		<b>854,281</b>	<b>277,464</b>	<b>1,131,745</b>	<b>1,741,356</b>	<b>69,062</b>	<b>1,810,418</b>	<b>100,393</b>	<b>-</b>	<b>100,393</b>	<b>3,042,556</b>
<b>Notes</b>											
1. The 'Environment Protection' BEL remains in the Climate Change MEG but part of the budget has been transferred to the new 'Chemical and Noise Policy' BEL within the Rural Affairs MEG.											
2. The 'Biodiversity, Evidence and Plant Health' BEL remains in the Climate Change MEG but part of the budget has been transferred to the new 'Plant and Wildlife Protection and Regulation' BEL within the Rural Affairs MEG.											
3. The 'Landscape and Outdoor Recreation' BEL remains in the Climate Change MEG but part of the budget has been transferred to the new 'Access and Community Green Spaces' BEL within the Rural Affairs MEG.											

ECONOMY (Econ)											£000s
Plans for 2022-23 as at 1st Supplementary Budget, June 2022		Resource			Capital			AME			TOTAL
		Fiscal	Non Fiscal	Resource Total	General	Financial Transactions	Capital Total	Resource	Capital	AME Total	
		381,908	14,827	396,735	102,686	(20,709)	81,977	45,525	-	45,525	
<b>Transferred In:</b>	<b>From:</b>										
Centre for Digital Public Services	CC	4,900	-	4,900	-	-	-	-	-	-	4,900
Public Sector Broadband Aggregation	CC	11,500	-	11,500	-	-	-	-	-	-	11,500
ICT Infrastructure Operations	CC	1,527	2,309	3,836	15,000	-	15,000	-	-	-	18,836
<b>Restated 1st Supplementary Budget</b>		<b>399,835</b>	<b>17,136</b>	<b>416,971</b>	<b>117,686</b>	<b>(20,709)</b>	<b>96,977</b>	<b>45,525</b>	<b>-</b>	<b>45,525</b>	<b>559,473</b>
RURAL AFFAIRS (RA)											£000s
Plans for 2022-23 as at 1st Supplementary Budget, June 2022		Resource			Capital			AME			TOTAL
		Fiscal	Non Fiscal	Resource Total	General	Financial Transactions	Capital Total	Resource	Capital	AME Total	
		345,054	10,817	355,871	37,200	-	37,200	-	-	-	
<b>Transferred In:</b>	<b>From:</b>										
Landfill Disposal Tax Communities Schemes	CC	1,500	-	1,500	-	-	-	-	-	-	1,500
Local Places for Nature	CC	2,700	-	2,700	10,110	-	10,110	-	-	-	12,810
Enabling Natural Resources	CC	4,421	-	4,421	2,000	-	2,000	-	-	-	6,421
Chemical and Noise Policy <sup>Note 1</sup>	CC	694	-	694	-	-	-	-	-	-	694
Plant and Wildlife Protection and Regulation	CC	871	-	871	-	-	-	-	-	-	871
Access and Community Green Spaces <sup>Note 1</sup>	CC	1,347	-	1,347	5,135	-	5,135	-	-	-	6,482
<b>Restated 1st Supplementary Budget</b>		<b>356,587</b>	<b>10,817</b>	<b>367,404</b>	<b>54,445</b>	<b>-</b>	<b>54,445</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>421,849</b>

**Notes**

1. This is a newly created BEL within the Rural Affairs MEG. The budget has been transferred in from the 'Environment Protection' BEL which remains in the Climate Change MEG.
2. This is a newly created BEL within the Rural Affairs MEG. The budget has been transferred in from the 'Biodiversity, Evidence and Plant Health' BEL which remains in the Climate Change MEG.
3. This is a newly created BEL within the Rural Affairs MEG. The budget has been transferred in from the 'Landscape and Outdoor Recreation' BEL which remains in the Climate Change MEG.

<b>SOCIAL JUSTICE (SJ) - No Change</b>										
	<b>Resource</b>			<b>Capital</b>			<b>AME</b>			<b>TOTAL</b>
	<b>Fiscal</b>	<b>Non Fiscal</b>	<b>Resource Total</b>	<b>General</b>	<b>Financial Transactions</b>	<b>Capital Total</b>	<b>Resource</b>	<b>Capital</b>	<b>AME Total</b>	
<b>Restated 1st Supplementary Budget</b>	229,532	261	229,793	17,000	1,496	18,496	28,063	-	28,063	276,352
<b>CENTRAL SERVICES &amp; ADMINISTRATION (CS&amp;A) - No Change</b>										
	<b>Resource</b>			<b>Capital</b>			<b>AME</b>			<b>TOTAL</b>
	<b>Fiscal</b>	<b>Non Fiscal</b>	<b>Resource Total</b>	<b>General</b>	<b>Financial Transactions</b>	<b>Capital Total</b>	<b>Resource</b>	<b>Capital</b>	<b>AME Total</b>	
<b>Restated 1st Supplementary Budget</b>	326,883	18,597	345,480	10,000	-	10,000	3,200	-	3,200	358,680

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

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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	10,156,523	4,596,332	2,004,925	1,206,943	407,098	367,427	222,986	349,317	<b>19,311,551</b>
Capital	424,747	224,446	357,175	1,759,337	98,537	53,645	18,651	10,000	<b>2,946,538</b>
Resource AME	212,116	1,030,453	-608,833	-20,178	58,525	0	25,871	3,200	<b>701,154</b>
Capital AME	0	0	1,017,402	0	0	0	0	0	<b>1,017,402</b>
<b>TOTAL MANAGED EXPENDITURE</b>	<b>10,793,386</b>	<b>5,851,231</b>	<b>2,770,669</b>	<b>2,946,102</b>	<b>564,160</b>	<b>421,072</b>	<b>267,508</b>	<b>362,517</b>	<b>23,976,645</b>
<b>Reconciliation to Resources</b>									
Resource Consumption - Welsh Government Sponsored Bodies	-229	-200	-100	80,000	-33,693				<b>45,778</b>
Supported Borrowing		-88,800							<b>-88,800</b>
National Insurance Fund Receipts Collection Costs	-906								<b>-906</b>
National Non-Domestic Rates Payable (and Collection Costs)		-1,035,172							<b>-1,035,172</b>
Interest Repayments on Borrowing		-2,360							<b>-2,360</b>
PFI				-9,786					<b>-9,786</b>
<b>RESOURCES REQUESTED</b>	<b>10,792,251</b>	<b>4,724,699</b>	<b>2,770,569</b>	<b>3,016,316</b>	<b>530,467</b>	<b>421,072</b>	<b>267,508</b>	<b>362,517</b>	<b>22,885,399</b>

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## Annex 3 – Glossary

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<b>Action</b>	Within each Spending Programme Area (SPA), budgets are allocated to a number of sub-programmes known as Actions.
<b>Ambits</b>	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.
<b>Annually Managed Expenditure (AME)</b>	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.
<b>Budget Motion</b>	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.
<b>Budget Expenditure Line (BEL)</b>	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: <a href="http://gov.wales/funding/budget/?lang=en">http://gov.wales/funding/budget/?lang=en</a>
<b>Capital</b>	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.
<b>Departmental Expenditure Limit (DEL)</b>	The multi-year budget limit for the Welsh Government set by the HM Treasury in Spending Reviews.
<b>Depreciation</b>	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.

<b>Direct Charges on the Welsh Consolidated Fund</b>	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.
<b>Financial Transactions</b>	Financial transactions can only be used for loans and equity purposes. A proportion of the funding also has to be repaid to the Exchequer.
<b>Fiscal Resource DEL (sometimes referred to as revenue)</b>	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.
<b>Main Expenditure Group (MEG)</b>	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.
<b>Non-Fiscal Resource DEL (sometimes referred to as 'non cash')</b>	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.
<b>Receipts</b>	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.
<b>Resource budgeting</b>	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.

<b>Spending Review</b>	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.
<b>Total Managed Expenditure (TME)</b>	This is an HM Treasury control total which is made up of the total Departmental Expenditure Limit plus Annually Managed Expenditure.
<b>Welsh Consolidated Fund</b>	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.
<b>WGSB</b>	Welsh Government Sponsored Body. Examples include the Higher Education Funding Council for Wales and the Arts Council of Wales.