



Llywodraeth Cymru
Welsh Government

Welsh Government

Final Budget 2022-23

A Budget to build a stronger, fairer and greener Wales

March 2022

gov.wales

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Chapter 1: Introduction

Overview

1.01 The Welsh Government has tabled the final Budget for 2022-23 in accordance with Standing Order 20. The final Budget sets out the Welsh Government's revenue and capital spending plans for 2022-23, together with indicative plans for 2023-24 and 2024-25. The final Budget reflects changes to the draft Budget which was published on 20 December 2021.

Draft Budget scrutiny

1.02 The timing of the UK Spending Review once again prejudiced the publication of this year's Budget; the Welsh Government, with the agreement of the Senedd Business Committee and Finance Committee, triggered exceptional arrangements in relation to this year's Budget process. This resulted in publishing on 20 December, the strategic spending plans for revenue and capital; taxation and borrowing proposals; and the detailed portfolio budget proposals. The welcome and long called for multi-year settlement provided by the UK Government means we can aspire to return to normal procedures in future years pending any external influences.

1.03 The scrutiny of the 2022-23 draft Budget examined the Welsh Government's Budget covering elements such as where our funding comes from, including borrowing and our new taxation powers, as well as more detailed consideration of departmental spending plans by the Senedd policy committees. The Finance Committee and other Senedd Committees published their reports on the draft Budget on 4 February, shortly before the draft Budget debate in the Senedd, which took place on 8 February.

1.04 The Welsh Government welcomes the important contribution provided by the Finance Committee and the policy committees in the constructive scrutiny of Budget proposals. We are currently reflecting on the recommendations made by the Senedd committees and while this final Budget provides some allocations responding to points raised in scrutiny, we will respond formally to these ahead of the final Budget debate on 8 March.

Changes to the Welsh Government's Budget for 2022-23

1.05 The Welsh Government is carrying forward £180m of funding from 2021-22, outside the normal Wales Reserve arrangements, to fund additional measures to respond to the cost of living crisis. The total package, covering 2021-22 to 2022-23, is worth more than £330m and details were set out in a [Written Statement](#) on 15 February. Details of the £162.4m funding support package in 2022-23 is provided in chapter 2.

1.06 As the changes between draft and final Budgets build on existing measures, and an assessment of these impacts has already been provided, no further detail is provided as part of this final Budget. Given the nature of the evolving cost of living crisis however, the Chief Economist has published an update on his annual report (at Annex B). This outlines the latest impacts being felt across Wales which have informed the cost of living response deployed by Welsh Government.

- 1.07 When publishing the draft Budget and as part of the new 10 year Wales Infrastructure Investment Strategy Welsh Government committed to making allocations of financial transactions (FT) capital in the final Budget. To further maximise our capital levers this final Budget includes over £180m of additional FT capital investment with further details in Chapter 2.
- 1.08 Alongside the measures outlined above this final Budget contains a modest number of administrative and accounting changes and the latest tax forecasts.

Chapter 2: Changes between draft and final Budget

2.01 The changes made between the publication of the draft and final Budgets are outlined in this chapter.

Cost of Living Support Package

- 2.02 To support people in Wales facing the cost of living crisis we are providing a further £162.4m package of measures in 2022-23 on a time-limited one year basis aimed at helping low income households to meet the immediate pressures on living costs this winter and to reduce the impact of the cut to Universal Credit, Working Tax Credit and the rising cost of energy.
- 2.03 This includes £90m to extend the current provision of the Winter Fuel Support Scheme for a further year to run next winter. It will also reach more people through widening the range of low-income households that can access the payment, such as pensioners eligible for pension credit, to ensure we target those in greatest need. This means more people will receive the £200 payment which provides crucial support.
- 2.04 We will continue to support those most in need to pay for essential costs by providing an additional £15m to extend the Discretionary Assistance Fund (DAF) to 31 March 2023. This funding will also allow for the extension of flexibilities allowing more frequent payments for more people as well as support with energy costs for off-grid homes across the summer months as well as the winter, including support for Gypsies and Travellers.
- 2.05 £10m has been invested in a range of Social Justice measures. These interventions will support the most vulnerable households to ensure they maximise their incomes and are helped to meet rising household costs. This includes £0.6m to expand credit union lending to those whose applications are currently declined due to poor credit history. This will help vulnerable people who can afford to repay loans to avoid high-cost credit and illegal lenders. We are also providing over £1.6m for the Single Advice Fund, which will offer advice and support on income maximisation. There will also be specific funding of nearly £1.5m for migrant and asylum seekers and £1m for Gypsies and Traveller communities to address increases in costs for fuel and access to services. A further £0.7m has been allocated to Period dignity, with £1m set aside for other equalities initiatives.
- 2.06 We have allocated an additional £28.4m to address both the issues around holiday hunger, and access to free activities for children and young people during school holidays. Of this allocation, £21.4m will extend Free School Meal provision over the Easter, Whitsun, and Summer holidays, reflecting our ongoing co-operation agreement with Plaid Cymru. A further £7m is being provided to deliver the Summer of Fun programme which also provides food and free activities during the summer period for all children and young people aged up to the age of 25. In 2021 the scheme reached over 67,500 children, supporting their social, emotional and physical wellbeing and helping them to re-engage with peers.
- 2.07 To further support the most disadvantaged families, we are providing £13.1m for the Pupil Development Grant. This top up of £100 to all school years will address other costs of the school day including meeting PE kit and additional uniform costs.

- 2.08** A further £1m will be shared via consortia who will use the funding to provide support for learners or schools they deem to be in need. This uplift is specifically targeted to address the impact of cost of living pressures.
- 2.09** We are providing a £2m package of support for vulnerable families, which includes £1m for prevention payments for families with care and support needs covering essential items. The remaining £1m will create a fund to support families caring for looked after children, who are experiencing financial hardship due to increased cost of living.
- 2.10** Finally, we have invested £2.9m in creating a sustainable food package to support access to food. This funding will:
- Provide £1m for food poverty and insecurity to support local action to tackle growing levels of food poverty;
 - Allocate £1m for an extension to the Healthy Start Scheme to cover the gap between when Healthy Start vouchers finish at age four and starting school and being able to access FSM;
 - Provide £0.7m to expand the schools based food poverty scheme Big Bocs Bwyd to other parts of Wales to contribute to the reduction of food poverty and food insecurity and improve nutritional intake and reduce food waste; and
 - Allocate £0.2m for FareShare Cymru to support the sourcing and purchase of additional food to help meet the growing need for emergency food, in addition to storage and operating costs, to support community food organisations.
- 2.11** We also recognise that this is an evolving picture with increases to household bills, National Insurance rises and associated impacts to supply chains and the costs of goods starting to impact from April, alongside the impacts that will now be felt as a result of the invasion of Ukraine. We will continue to monitor these impacts closely.

Financial Transactions (FT) Capital

- 2.12** Financial Transactions (FT) capital is a specific and complex form of capital provided by the UK Government with conditions attached around how it can be used; elements of this funding also need to be repaid to the UK Government.
- 2.13** Given the constraints and complexities regarding use of ring-fenced FT capital, the timescales within which to develop proposals and the late announcement of the UK Spending Review, we were prevented from the setting of FT spending plans as part of the draft Budget. We are now in a position to do so at final Budget.

- 2.14** Alongside updating the repayment profiles of our existing FT portfolio, the £184m of FT allocations we are making in this final Budget will further support the delivery of our priorities contained within the new 10 year Wales Infrastructure Investment Strategy published alongside the draft Budget in December 2021. This £184m will build on our wider £1.7bn existing FT portfolio of investment.
- 2.15** Details of the allocations are outlined below.
- 2.16** To further support businesses across Wales, we are providing £40m to enhance our existing Economy Futures Fund – Repayable Fund for SMEs including developing proposals for decarbonisation.
- 2.17** We are allocating £37m to progress the shift to low-emission vehicles, supporting improvements in air quality, particularly in urban areas, and contribute to addressing climate change. This funding will be used primarily to improve our charging infrastructure. It will also introduce an interest-free loan scheme to enable individuals, businesses and third sector organisations to purchase e-bikes and e-cargo bikes.
- 2.18** We are allocating £35m which will test the use of new funding models, alongside the £72m general capital already allocated at draft Budget, to help accelerate the scale and pace of the decarbonisation of Welsh homes.
- 2.19** As part of our ambition to build a greener future we are investing in town centres. We are allocating a further £25m to extend our Transforming Towns Loan scheme which successfully acts as a catalyst to bring vacant and under-utilised buildings back into use.
- 2.20** To support improvements to our educational estate we are providing £14.9m as additional investment in our Sustainable Communities for Learning programme.
- 2.21** We are allocating a further £12m to continue the strategic infrastructure development at Cardiff Parkway, supported by the Burns Report; this forms part of the modal shift from private cars to public transport, a key objective of our approach to tackling carbon emissions from transport.
- 2.22** We are providing an additional £10m to Tai Ffres, a partnership between Welsh Government, Llamau and United Welsh. The funding will support the alternative housing pathway Tai Ffres has established for young people aged 16 to 25 who do not meet the threshold for homelessness services, or where the traditional route of supported accommodation services would not be suitable for them.
- 2.23** An additional £8m is being allocated to our successful Land for Housing scheme for Registered Social Landlords. The core aim of the scheme is to increase the supply of housing and the rate of delivery by securing land sites; it also promotes the creation of local jobs, training opportunities and supports the housing development supply chain.
- 2.24** Working together with the other three UK nations, we are providing £2m to enable the piloting of a two year No Interest Loan Scheme to be delivered in Wales. The scheme will be targeted to help those who are often the most vulnerable in our society.

Administrative Changes

2.25 We are also making a modest number of administrative changes between Main Expenditure Groups responding to a range of matters arising since publication of the draft Budget.

2.26 There are also a number of changes to the budget expenditure lines (BELs) within the Climate Change Main Expenditure Group to better reflect the activities associated with the wider remit. These changes include:

- The creation of Coal Tips Safety Delivery BEL to support the introduction of legislation to deal with the legacy of centuries of mining and ensure coal tip safety.
- The creation of the Local Places for Nature BEL to reflect the delivery of the associated Programme for Government commitment.
- The new Planning and Environment Decision Wales (PEDW) BEL 2256 to reflect the creation of the Planning and Environment Decisions Wales Division within Welsh Government.
- The replacement of the Radioactivity and Pollution Prevention with the Environment Protection BEL and the replacement of Flood Risk Management and Water Revenue with Flood Risk Management and Water Policy Delivery BEL.

Chapter 3: Welsh Government final Budget allocations for 2022-23

Overview

- 3.01** The changes described in Chapter 2 are reflected in the revised spending plans set out in this chapter.
- 3.02** The detailed changes to our Budget proposals between publication of the draft and final Budgets in 2022-23 are set out in the final Budget 2022-23 MEG BEL tables, which are published together with this Explanatory Note.
- 3.03** The additional allocations provided as part of the cost of living support package have been provided on a time-limited one year basis for 2022-23, reflective of the provision of funding from UK Government. The baseline figures for 2023-24 and 2024-25 will therefore not include these allocations and revert to the indicative allocations published at draft Budget. These will be revisited as part of the annual budget process in future years.
- 3.04** In respect of the Financial Transactions (FT) Capital, alongside additional allocations of funding, this final Budget also includes details of the repayment of existing FT loans shown as negative values within the tables. An element of FT capital funding has to be returned and repaid to the UK Government, and it is important to recognise that repayments are returned payments on previous investments and have no impact on current allocations.

Table 3.1 – Sources of Finance for Welsh Government

2022-23 FINAL BUDGET									
COMPONENTS OF WELSH FINANCING	2022-23 Draft Budget December 2021	2022-23 Changes	2022-23 Final Budget March 2022	2023-24 Indicative Draft Budget December 2021	2023-24 Changes	2023-24 Indicative Final Budget March 2022	2024-25 Indicative Draft Budget December 2021	2024-25 Changes	2024-25 Indicative Final Budget March 2022
	£000s								
RESOURCE FINANCING									
Departmental Expenditure Limit (DEL):									
Fiscal	15,065,110	180,196	15,245,306	15,349,944	—	15,349,944	15,638,809	—	15,638,809
Non-Fiscal	1,519,960	—	1,519,960	1,519,960	—	1,519,960	1,519,960	—	1,519,960
Drawdown from the Wales Reserve	67,000	(33,000)	34,000	38,000	(16,000)	22,000	48,000	(17,000)	31,000
Annually Managed Expenditure (AME):									
Fiscal	28,063	—	28,063	26,045	—	26,045	26,045	—	26,045
Non-Fiscal	191,034	—	191,034	235,641	—	235,641	18,717	—	18,717
Wales Devolved Financing:									
Non Domestic Rates	1,030,000	—	1,030,000	1,121,000	—	1,121,000	1,148,000	—	1,148,000
Welsh Rate of Income Tax	2,477,747	—	2,477,747	2,629,356	—	2,629,356	2,748,343	—	2,748,343
Land Transaction Tax	365,714	14,828	380,542	382,699	15,515	398,214	403,658	16,175	419,833
Landfill Disposals Tax	35,935	(747)	35,188	35,905	(748)	35,157	35,721	(748)	34,973
Principal repayment of borrowing	(7,656)	1,492	(6,164)	(12,962)	1,493	(11,469)	(18,272)	1,494	(16,778)
TOTAL RESOURCE FINANCING	20,772,907	162,769	20,935,676	21,325,588	260	21,325,848	21,568,981	(79)	21,568,902

2022-23 FINAL BUDGET									
COMPONENTS OF WELSH FINANCING	2022-23 Draft Budget December 2021	2022-23 Changes	2022-23 Final Budget March 2022	2023-24 Indicative Draft Budget December 2021	2023-24 Changes	2023-24 Indicative Final Budget March 2022	2024-25 Indicative Draft Budget December 2021	2024-25 Changes	2024-25 Indicative Final Budget March 2022
	£000s								
CAPITAL FINANCING									
Departmental Expenditure Limit (DEL):									
General	2,377,963	—	2,377,963	2,514,687	—	2,514,687	2,503,138	—	2,503,138
Financial Transactions	265,026	—	265,026	95,754	—	95,754	90,386	—	90,386
Annually Managed Expenditure (AME):									
Capital	1,051,366	—	1,051,366	1,161,411	—	1,161,411	1,277,302	—	1,277,302
Wales Devolved Financing:									
Borrowing	150,000	—	150,000	150,000	—	150,000	150,000	—	150,000
TOTAL CAPITAL FINANCING	3,844,355	—	3,844,355	3,921,852	—	3,921,852	4,020,826	—	4,020,826
TOTAL WELSH FINANCING	24,617,262	162,769	24,780,031	25,247,440	260	25,247,700	25,589,807	(79)	25,589,728

Table 3.2 – Allocation of the Wales Budget

MAIN EXPENDITURE GROUPS (MEGs)	2022-23 Draft Budget	2022-23 Changes	2022-23 Final Budget	2023-24 Indicative Draft Budget	2023-24 Changes	2023-24 Indicative Final Budget	2024-25 Indicative Draft Budget	2024-25 Changes	2024-25 Indicative Final Budget	
	£000s									
Health and Social Services	10,323,198	(4,160)	10,319,038	10,654,035	(11,937)	10,642,098	10,830,950	(14,198)	10,816,752	
Finance and Local Government	5,639,245	42,487	5,681,732	5,879,245	43,321	5,922,566	6,016,245	45,979	6,062,224	
Education and the Welsh Language	3,436,100	40,008	3,476,108	3,646,445	16,117	3,662,562	3,792,536	2,454	3,794,990	
Climate Change	2,856,043	55,435	2,911,478	2,924,148	13,590	2,937,738	2,792,390	(4,745)	2,787,645	
Economy	572,446	(41,708)	530,738	591,946	(23,652)	568,294	610,946	(51,125)	559,821	
Rural Affairs	393,162	—	393,162	456,162	—	456,162	477,962	—	477,962	
Social Justice	155,418	118,726	274,144	165,400	824	166,224	168,400	288	168,688	
Central Services and Administration	356,995	(285)	356,710	359,995	(285)	359,710	360,995	(285)	360,710	
Total Allocations to Welsh Government	23,732,607	210,503	23,943,110	24,677,376	37,978	24,715,354	25,050,424	(21,632)	25,028,792	
Unallocated Resource	Fiscal	99,638	505	100,143	562	491	1,053	665	151	816
	Non-Fiscal Resource	520,374	—	520,374	491,789	—	491,789	465,458	—	465,458
Unallocated Capital	Financial Transactions	265,026	(51,942)	213,084	95,754	(37,912)	57,842	90,386	21,699	112,085
General Capital Over Allocation		(79,715)	4,000	(75,715)	(98,541)	—	(98,541)	(98,840)	—	(98,840)
Senedd Commission	62,942	—	62,942	64,245	—	64,245	65,444	—	65,444	
Public Services Ombudsman for Wales	5,354	(17)	5,337	5,354	(17)	5,337	5,354	(17)	5,337	
Wales Audit Office	8,888	(280)	8,608	8,888	(280)	8,608	8,888	(280)	8,608	
Electoral Commission	1,400	—	1,400	1,250	—	1,250	1,250	—	1,250	
Direct Charges to the Welsh Consolidated Fund	748	—	748	763	—	763	778	—	778	
TOTAL WELSH BUDGET	24,617,262	162,769	24,780,031	25,247,440	260	25,247,700	25,589,807	(79)	25,589,728	

Table 3.3 – Summary of the Welsh Government MEG total allocations 2022-23

2022-23 TOTAL MEG ALLOCATIONS										
£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	9,535,351	257,956	9,793,307	339,311	—	339,311	186,420	—	186,420	10,319,038
Finance and Local Government	4,485,271	421	4,485,692	166,040	—	166,040	1,030,000	—	1,030,000	5,681,732
Education and the Welsh Language	1,754,758	459,895	2,214,653	355,300	1,093	356,393	(146,304)	1,051,366	905,062	3,476,108
Climate Change	927,391	239,121	1,166,512	1,575,511	69,062	1,644,573	100,393	—	100,393	2,911,478
Economy	390,823	11,598	402,421	102,501	(19,709)	82,792	45,525	—	45,525	530,738
Rural Affairs	345,145	10,817	355,962	37,200	—	37,200	—	—	—	393,162
Social Justice	227,427	158	227,585	17,000	1,496	18,496	28,063	—	28,063	274,144
Central Services and Administration	326,490	17,020	343,510	10,000	—	10,000	3,200	—	3,200	356,710
Total Allocations to Welsh Government MEGs	17,992,656	996,986	18,989,642	2,602,863	51,942	2,654,805	1,247,297	1,051,366	2,298,663	23,943,110

Table 3.4 – Summary of the Welsh Government MEG total allocations 2023-24

2023-24 TOTAL MEG ALLOCATIONS										
£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	9,818,885	257,956	10,076,841	375,000	—	375,000	190,257	—	190,257	10,642,098
Finance and Local Government	4,577,256	421	4,577,677	223,889	—	223,889	1,121,000	—	1,121,000	5,922,566
Education and the Welsh Language	1,769,483	488,480	2,257,963	360,300	12,477	372,777	(129,589)	1,161,411	1,031,822	3,662,562
Climate Change	916,391	239,121	1,155,512	1,631,008	26,770	1,657,778	124,448	—	124,448	2,937,738
Economy	404,984	11,598	416,582	108,016	(1,829)	106,187	45,525	—	45,525	568,294
Rural Affairs	408,145	10,817	418,962	37,200	—	37,200	—	—	—	456,162
Social Justice	122,527	158	122,685	17,000	494	17,494	26,045	—	26,045	166,224
Central Services and Administration	329,490	17,020	346,510	10,000	—	10,000	3,200	—	3,200	359,710
Total Allocations to Welsh Government MEGs	18,347,161	1,025,571	19,372,732	2,762,413	37,912	2,800,325	1,380,886	1,161,411	2,542,297	24,715,354

Table 3.5 – Summary of the Welsh Government MEG total allocations 2024-25

2024-25 TOTAL MEG ALLOCATIONS										
£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	10,036,624	257,956	10,294,580	395,000	—	395,000	127,172	—	127,172	10,816,752
Finance and Local Government	4,689,912	421	4,690,333	223,891	—	223,891	1,148,000	—	1,148,000	6,062,224
Education and the Welsh Language	1,806,983	514,811	2,321,794	360,300	(686)	359,614	(163,720)	1,277,302	1,113,582	3,794,990
Climate Change	938,391	239,121	1,177,512	1,596,956	8,437	1,605,393	4,740	—	4,740	2,787,645
Economy	421,090	11,598	432,688	111,016	(29,408)	81,608	45,525	—	45,525	559,821
Rural Affairs	430,145	10,817	440,962	37,000	—	37,000	—	—	—	477,962
Social Justice	125,527	158	125,685	17,000	(42)	16,958	26,045	—	26,045	168,688
Central Services and Administration	330,490	17,020	347,510	10,000	—	10,000	3,200	—	3,200	360,710
Total Allocations to Welsh Government MEGs	18,779,162	1,051,902	19,831,064	2,751,163	(21,699)	2,729,464	1,190,962	1,277,302	2,468,264	25,028,792

Table 3.6 – Changes to the Welsh Government MEG Resource Allocations

FISCAL ALLOCATIONS									
MAIN EXPENDITURE GROUPS (MEGs)	2022-23 Draft Budget	2022-23 Changes	2022-23 Final Budget	2022-23 Indicative Draft Budget	2023-24 Changes	2022-23 Indicative Final Budget	2022-23 Indicative Draft Budget	2024-25 Changes	2022-23 Indicative Final Budget
	£000s								
Health & Social Services	9,543,822	(8,471)	9,535,351	9,830,822	(11,937)	9,818,885	10,050,822	(14,198)	10,036,624
Finance & Local Government	4,456,961	28,310	4,485,271	4,555,961	21,295	4,577,256	4,665,961	23,951	4,689,912
Education & the Welsh Language	1,715,843	38,915	1,754,758	1,765,843	3,640	1,769,483	1,803,843	3,140	1,806,983
Climate Change	940,529	(13,138)	927,391	929,529	(13,138)	916,391	951,529	(13,138)	938,391
Economy	390,823	—	390,823	404,823	161	404,984	420,823	267	421,090
Rural Affairs	345,145	—	345,145	408,145	—	408,145	430,145	—	430,145
Social Justice	110,177	117,250	227,427	122,177	350	122,527	125,177	350	125,527
Central Services & Administration	326,795	(305)	326,490	329,795	(305)	329,490	330,795	(305)	330,490
Total Allocations to Welsh Government MEGs	17,830,095	162,561	17,992,656	18,347,095	66	18,347,161	18,779,095	67	18,779,162
NON-FISCAL ALLOCATIONS									
Health & Social Services	257,956	—	257,956	257,956	—	257,956	257,956	—	257,956
Finance & Local Government	421	—	421	421	—	421	421	—	421
Education & the Welsh Language	459,895	—	459,895	488,480	—	488,480	514,811	—	514,811
Climate Change	239,121	—	239,121	239,121	—	239,121	239,121	—	239,121
Economy	11,598	—	11,598	11,598	—	11,598	11,598	—	11,598
Rural Affairs	10,817	—	10,817	10,817	—	10,817	10,817	—	10,817
Social Justice	178	(20)	158	178	(20)	158	178	(20)	158
Central Services & Administration	17,000	20	17,020	17,000	20	17,020	17,000	20	17,020
Total Allocations to Welsh Government MEGs	996,986	—	996,986	1,025,571	—	1,025,571	1,051,902	—	1,051,902
Total Resource Allocations to Welsh Government MEGs	18,827,081	162,561	18,989,642	19,372,666	66	19,372,732	19,830,997	67	19,831,064

Table 3.7 – Changes to the Welsh Government MEG Capital Allocations

CAPITAL ALLOCATIONS									
MAIN EXPENDITURE GROUPS (MEGs)	2022-23 Draft Budget	2022-23 Changes	2022-23 Final Budget	2023-24 Indicative Draft Budget	2023-24 Changes	2023-24 Indicative Final Budget	2024-25 Indicative Draft Budget	2024-25 Changes	2024-25 Indicative Final Budget
	£000s								
Health & Social Services	335,000	4,311	339,311	375,000	—	375,000	395,000	—	395,000
Finance & Local Government	151,863	14,177	166,040	201,863	22,026	223,889	201,863	22,028	223,891
Education & the Welsh Language	355,300	—	355,300	360,300	—	360,300	360,300	—	360,300
Climate Change	1,576,000	(489)	1,575,511	1,631,050	(42)	1,631,008	1,597,000	(44)	1,596,956
Economy	124,500	(21,999)	102,501	130,000	(21,984)	108,016	133,000	(21,984)	111,016
Rural Affairs	37,200	—	37,200	37,200	—	37,200	37,000	—	37,000
Social Justice	17,000	—	17,000	17,000	—	17,000	17,000	—	17,000
Central Services & Administration	10,000	—	10,000	10,000	—	10,000	10,000	—	10,000
Total General Capital Allocations to Welsh Government MEGs	2,606,863	(4,000)	2,602,863	2,762,413	—	2,762,413	2,751,163	—	2,751,163
FINANCIAL TRANSACTIONS CAPITAL ALLOCATIONS									
Health & Social Services	—	—	—	—	—	—	—	—	—
Finance & Local Government	—	—	—	—	—	—	—	—	—
Education & the Welsh Language	—	1,093	1,093	—	12,477	12,477	—	(686)	(686)
Climate Change	—	69,062	69,062	—	26,770	26,770	—	8,437	8,437
Economy	—	(19,709)	(19,709)	—	(1,829)	(1,829)	—	(29,408)	(29,408)
Rural Affairs	—	—	—	—	—	—	—	—	—
Social Justice	—	1,496	1,496	—	494	494	—	(42)	(42)
Central Services & Administration	—	—	—	—	—	—	—	—	—
Total Financial Transactions Capital Allocations to Welsh Government MEGs	—	51,942	51,942	—	37,912	37,912	—	(21,699)	(21,699)
Total Capital Allocations to Welsh Government MEGs	2,606,863	47,942	2,654,805	2,762,413	37,912	2,800,325	2,751,163	(21,699)	2,729,464

Table 3.8 – Changes to the Welsh Government MEG AME Allocations

RESOURCE ALLOCATIONS									
MAIN EXPENDITURE GROUPS (MEGs)	2022-23 Draft Budget	2022-23 Changes	2022-23 Final Budget	2023-24 Indicative Draft Budget	2023-24 Changes	2023-24 Indicative Final Budget	2024-25 Indicative Draft Budget	2024-25 Changes	2024-25 Indicative Final Budget
	£000s								
Health & Social Services	186,420	—	186,420	190,257	—	190,257	127,172	—	127,172
Finance & Local Government	1,030,000	—	1,030,000	1,121,000	—	1,121,000	1,148,000	—	1,148,000
Education & the Welsh Language	(146,304)	—	(146,304)	(129,589)	—	(129,589)	(163,720)	—	(163,720)
Climate Change	100,393	—	100,393	124,448	—	124,448	4,740	—	4,740
Economy	45,525	—	45,525	45,525	—	45,525	45,525	—	45,525
Rural Affairs	—	—	—	—	—	—	—	—	—
Social Justice	28,063	—	28,063	26,045	—	26,045	26,045	—	26,045
Central Services & Administration	3,200	—	3,200	3,200	—	3,200	3,200	—	3,200
Total Resource AME Allocations to Welsh Government MEGs	1,247,297	—	1,247,297	1,380,886	—	1,380,886	1,190,962	—	1,190,962
CAPITAL ALLOCATIONS									
Health & Social Services	—	—	—	—	—	—	—	—	—
Finance & Local Government	—	—	—	—	—	—	—	—	—
Education & the Welsh Language	1,051,366	—	1,051,366	1,161,411	—	1,161,411	1,277,302	—	1,277,302
Climate Change	—	—	—	—	—	—	—	—	—
Economy	—	—	—	—	—	—	—	—	—
Rural Affairs	—	—	—	—	—	—	—	—	—
Social Justice	—	—	—	—	—	—	—	—	—
Central Services & Administration	—	—	—	—	—	—	—	—	—
Total Capital AME Allocations to Welsh Government MEGs	1,051,366	—	1,051,366	1,161,411	—	1,161,411	1,277,302	—	1,277,302
Total AME Allocations to Welsh Government MEGs	2,298,663	—	2,298,663	2,542,297	—	2,542,297	2,468,264	—	2,468,264

Chapter 4: Main Expenditure Group spending plans

Table 4.1 - TOTAL – Year-on-Year Percentage Change

TOTAL – Year-on-Year Percentage Change							
MAIN EXPENDITURE GROUPS (MEGs)	2021-22 Final Budget Revised Baseline	2022-23 New Plans		2023-24 New Plans		2024-25 New Plans	
	£000s	£000s	% Change	£000s	% Change	£000s	% Change
Health and Social Services	9,318,962	10,319,038	10.73%	10,642,098	3.13%	10,816,752	1.64%
Finance and Local Government	5,221,370	5,681,732	8.82%	5,922,566	4.24%	6,062,224	2.36%
Education and the Welsh Language	2,729,366	3,476,108	27.36%	3,662,562	5.36%	3,794,990	3.62%
Climate Change	2,488,822	2,911,478	16.98%	2,937,738	0.90%	2,787,645	(5.11)%
Economy	527,859	530,738	0.55%	568,294	7.08%	559,821	(1.49)%
Rural Affairs	356,305	393,162	10.34%	456,162	16.02%	477,962	4.78%
Social Justice	133,148	274,144	105.89%	166,224	(39.37)%	168,688	1.48%
Central Services and Administration	324,374	356,710	9.97%	359,710	0.84%	360,710	0.28%
Total Allocations to Welsh Government MEGs	21,100,206	23,943,110	13.47%	24,715,354	3.23%	25,028,792	1.27%

Table 4.2 – TOTAL – Year-on-Year Percentage Change – Real Terms

TOTAL – Year-on-Year Percentage Change – Real Terms							
MAIN EXPENDITURE GROUPS (MEGs)	2021-22 Final Budget Revised Baseline	2022-23 New Plans		2023-24 New Plans		2024-25 New Plans	
	£000s	£000s	% Change	£000s	% Change	£000s	% Change
Health and Social Services	9,318,962	10,319,038	7.81%	10,642,098	0.91%	10,816,752	(0.24)%
Finance and Local Government	5,221,370	5,681,732	5.95%	5,922,566	2.00%	6,062,224	0.46%
Education and the Welsh Language	2,729,366	3,476,108	24.00%	3,662,562	3.10%	3,794,990	1.70%
Climate Change	2,488,822	2,911,478	13.90%	2,937,738	(1.27)%	2,787,645	(6.87)%
Economy	527,859	530,738	(2.10)%	568,294	4.77%	559,821	(3.31)%
Rural Affairs	356,305	393,162	7.44%	456,162	13.53%	477,962	2.84%
Social Justice	133,148	274,144	100.47%	166,224	(40.67)%	168,688	(0.40)%
Central Services and Administration	324,374	356,710	7.07%	359,710	(1.33)%	360,710	(1.58)%
Total Allocations to Welsh Government MEGs	21,100,206	23,943,110	10.48%	24,715,354	1.01%	25,028,792	(0.61)%

Table 4.3 – FISCAL RESOURCE – Year-on-Year Percentage Change

FISCAL RESOURCE – Year-on-Year Percentage Change							
MAIN EXPENDITURE GROUPS (MEGs)	2021-22 Final Budget Revised Baseline	2022-23 New Plans		2023-24 New Plans		2024-25 New Plans	
	£000s	£000s	% Change	£000s	% Change	£000s	% Change
Health and Social Services	8,596,822	9,535,351	10.92%	9,818,885	2.97%	10,036,624	2.22%
Finance and Local Government	3,910,961	4,485,271	14.68%	4,577,256	2.05%	4,689,912	2.46%
Education and the Welsh Language	1,527,843	1,754,758	14.85%	1,769,483	0.84%	1,806,983	2.12%
Climate Change	742,529	927,391	24.90%	916,391	(1.19)%	938,391	2.40%
Economy	342,823	390,823	14.00%	404,984	3.62%	421,090	3.98%
Rural Affairs	330,145	345,145	4.54%	408,145	18.25%	430,145	5.39%
Social Justice	88,177	227,427	157.92%	122,527	(46.12)%	125,527	2.45%
Central Services and Administration	291,795	326,490	11.89%	329,490	0.92%	330,490	0.30%
Total Allocations to Welsh Government MEGs	15,831,095	17,992,656	13.65%	18,347,161	1.97%	18,779,162	2.35%

Table 4.4 – FISCAL RESOURCE – Year-on-Year Percentage Change – Real Terms

FISCAL RESOURCE – Year-on-Year Percentage Change – Real Terms							
MAIN EXPENDITURE GROUPS (MEGs)	2021-22 Final Budget Revised Baseline	2022-23 New Plans		2023-24 New Plans		2024-25 New Plans	
	£000s	£000s	% Change	£000s	% Change	£000s	% Change
Health and Social Services	8,596,822	9,535,351	8.00%	9,818,885	0.76%	10,036,624	0.33%
Finance and Local Government	3,910,961	4,485,271	11.66%	4,577,256	(0.14)%	4,689,912	0.57%
Education and the Welsh Language	1,527,843	1,754,758	11.83%	1,769,483	(1.33)%	1,806,983	0.23%
Climate Change	742,529	927,391	21.61%	916,391	(3.31)%	938,391	0.51%
Economy	342,823	390,823	11.00%	404,984	1.39%	421,090	2.05%
Rural Affairs	330,145	345,145	1.79%	408,145	15.71%	430,145	3.44%
Social Justice	88,177	227,427	151.13%	122,527	(47.28)%	125,527	0.55%
Central Services and Administration	291,795	326,490	8.94%	329,490	(1.25)%	330,490	(1.55)%
Total Allocations to Welsh Government MEGs	15,831,095	17,992,656	10.66%	18,347,161	(0.22)%	18,779,162	0.46%

Table 4.5 – NON-FISCAL RESOURCE – Year-on-Year Percentage Change

NON-FISCAL RESOURCE – Year-on-Year Percentage Change							
MAIN EXPENDITURE GROUPS (MEGs)	2021-22 Final Budget Revised Baseline	2022-23 New Plans		2023-24 New Plans		2024-25 New Plans	
	£000s	£000s	% Change	£000s	% Change	£000s	% Change
Health and Social Services	186,137	257,956	38.58%	257,956	—	257,956	—
Finance and Local Government	212	421	98.58%	421	—	421	—
Education and the Welsh Language	111,168	459,895	313.69%	488,480	6.22%	514,811	5.39%
Climate Change	201,121	239,121	18.89%	239,121	—	239,121	—
Economy	11,598	11,598	0.00%	11,598	—	11,598	—
Rural Affairs	11,554	10,817	(6.38)%	10,817	—	10,817	—
Social Justice	169	158	(6.51)%	158	—	158	—
Central Services and Administration	16,000	17,020	6.38%	17,020	—	17,020	—
Total Allocations to Welsh Government MEGs	537,959	996,986	85.33%	1,025,571	2.87%	1,051,902	2.57%

Table 4.6 – NON-FISCAL RESOURCE – Year-on-Year Percentage Change – Real Terms

NON-FISCAL RESOURCE – Year-on-Year Percentage Change – Real Terms							
MAIN EXPENDITURE GROUPS (MEGs)	2021-22 Final Budget Revised Baseline	2022-23 New Plans		2023-24 New Plans		2024-25 New Plans	
	£000s	£000s	% Change	£000s	% Change	£000s	% Change
Health and Social Services	186,137	257,956	34.93%	257,956	(2.15)%	257,956	(1.85)%
Finance and Local Government	212	421	93.35%	421	(2.15)%	421	(1.85)%
Education and the Welsh Language	111,168	459,895	302.80%	488,480	3.93%	514,811	3.44%
Climate Change	201,121	239,121	15.76%	239,121	(2.15)%	239,121	(1.85)%
Economy	11,598	11,598	(2.63)%	11,598	(2.15)%	11,598	(1.85)%
Rural Affairs	11,554	10,817	(8.84)%	10,817	(2.15)%	10,817	(1.85)%
Social Justice	169	158	(8.97)%	158	(2.15)%	158	(1.85)%
Central Services and Administration	16,000	17,020	3.57%	17,020	(2.15)%	17,020	(1.85)%
Total Allocations to Welsh Government MEGs	537,959	996,986	80.45%	1,025,571	0.65%	1,051,902	0.67%

Table 4.7 – GENERAL CAPITAL – Year-on-Year Percentage Change

GENERAL CAPITAL – Year-on-Year Percentage Change							
MAIN EXPENDITURE GROUPS (MEGs)	2021-22 Final Budget Revised Baseline	2022-23 New Plans		2023-24 New Plans		2024-25 New Plans	
	£000s	£000s	% Change	£000s	% Change	£000s	% Change
Health and Social Services	387,600	339,311	(12.46)%	375,000	10.52%	395,000	5.33%
Finance and Local Government	209,197	166,040	(20.63)%	223,889	34.84%	223,891	—
Education and the Welsh Language	267,812	355,300	32.67%	360,300	1.41%	360,300	—
Climate Change	1,371,116	1,575,511	14.91%	1,631,008	3.52%	1,596,956	(2.09)%
Economy	124,528	102,501	(17.69)%	108,016	5.38%	111,016	2.78%
Rural Affairs	14,606	37,200	154.69%	37,200	—	37,000	(0.54)%
Social Justice	13,411	17,000	26.76%	17,000	—	17,000	—
Central Services and Administration	13,579	10,000	(26.36)%	10,000	—	10,000	—
Total Allocations to Welsh Government MEGs	2,401,849	2,602,863	8.37%	2,762,413	6.13%	2,751,163	(0.41)%

Table 4.8 – GENERAL CAPITAL – Year-on-Year Percentage Change – Real Terms

GENERAL CAPITAL – Year-on-Year Percentage Change – Real Terms							
MAIN EXPENDITURE GROUPS (MEGs)	2021-22 Final Budget Revised Baseline	2022-23 New Plans		2023-24 New Plans		2024-25 New Plans	
	£000s	£000s	% Change	£000s	% Change	£000s	% Change
Health and Social Services	387,600	339,311	(14.76)%	375,000	8.14%	395,000	3.38%
Finance and Local Government	209,197	166,040	(22.72)%	223,889	31.94%	223,891	(1.85)%
Education and the Welsh Language	267,812	355,300	29.17%	360,300	(0.77)%	360,300	(1.85)%
Climate Change	1,371,116	1,575,511	11.88%	1,631,008	1.30%	1,596,956	(3.90)%
Economy	124,528	102,501	(19.86)%	108,016	3.11%	111,016	0.88%
Rural Affairs	14,606	37,200	147.98%	37,200	(2.15)%	37,000	(2.38)%
Social Justice	13,411	17,000	23.42%	17,000	(2.15)%	17,000	(1.85)%
Central Services and Administration	13,579	10,000	(28.30)%	10,000	(2.15)%	10,000	(1.85)%
Total Allocations to Welsh Government MEGs	2,401,849	2,602,863	5.51%	2,762,413	3.85%	2,751,163	(2.25)%

Table 4.9 – FT CAPITAL – Year-on-Year Percentage Change

FINANCIAL TRANSACTIONS CAPITAL – Year-on-Year Percentage Change							
MAIN EXPENDITURE GROUPS (MEGs)	2021-22 Final Budget Revised Baseline	2022-23 New Plans		2023-24 New Plans		2024-25 New Plans	
	£000s		% Change	£000s	% Change	£000s	% Change
Health and Social Services	—	—	—	—	—	—	—
Finance and Local Government	—	—	—	—	—	—	—
Education and the Welsh Language	1,968	1,093	(44.46)%	12,477	1,041.54%	(686)	(105.50)%
Climate Change	77,464	69,062	(10.85)%	26,770	(61.24)%	8,437	(68.48)%
Economy	385	(19,709)	5,219.22%	(1,829)	(90.72)%	(29,408)	1,507.87%
Rural Affairs	—	—	—	—	—	—	—
Social Justice	3,476	1,496	(56.96)%	494	(66.98)%	(42)	(108.50)%
Central Services and Administration	—	—	—	—	—	—	—
Total Allocations to Welsh Government MEGs	83,293	51,942	(37.64)%	37,912	(27.01)%	(21,699)	(157.24)%

Table 4.10 – FT CAPITAL – Year-on-Year Percentage Change – Real Terms

FINANCIAL TRANSACTIONS CAPITAL – Year-on-Year Percentage Change – Real Terms							
MAIN EXPENDITURE GROUPS (MEGs)	2021-22 Final Budget Revised Baseline	2022-23 New Plans		2023-24 New Plans		2024-25 New Plans	
	£000s		% Change	£000s	% Change	£000s	% Change
Health and Social Services	—	—	—	—	—	—	—
Finance and Local Government	—	—	—	—	—	—	—
Education and the Welsh Language	1,968	1,093	(45.92)%	12,477	1,016.99%	(686)	(105.40)%
Climate Change	77,464	69,062	(13.19)%	26,770	(62.07)%	8,437	(69.07)%
Economy	385	(19,709)	(5,084.37)%	(1,829)	(90.92)%	(29,408)	1,478.12%
Rural Affairs	—	—	—	—	—	—	—
Social Justice	3,476	1,496	(58.10)%	494	(67.69)%	(42)	(108.34)%
Central Services and Administration	—	—	—	—	—	—	—
Total Allocations to Welsh Government MEGs	83,293	51,942	(39.28)%	37,912	(28.58)%	(21,699)	(156.18)%

Table 4.11 – AME RESOURCE – Year-on-Year Percentage Change

AME RESOURCE – Year-on-Year Percentage Change							
MAIN EXPENDITURE GROUPS (MEGs)	2021-22 Final Budget Revised Baseline	2022-23 New Plans		2023-24 New Plans		2024-25 New Plans	
	£000s	£000s	% Change	£000s	% Change	£000s	% Change
Health and Social Services	148,403	186,420	25.62%	190,257	2.06%	127,172	(33.16)%
Finance and Local Government	1,101,000	1,030,000	(6.45)%	1,121,000	8.83%	1,148,000	2.41%
Education and the Welsh Language	(148,386)	(146,304)	1.40%	(129,589)	11.42%	(163,720)	(26.34)%
Climate Change	96,592	100,393	3.94%	124,448	23.96%	4,740	(96.19)%
Economy	48,525	45,525	6.18%	45,525	—	45,525	—
Rural Affairs	—	—	—	—	—	—	—
Social Justice	27,915	28,063	0.53%	26,045	(7.19)%	26,045	—
Central Services and Administration	3,000	3,200	6.67%	3,200	—	3,200	—
Total Allocations to Welsh Government MEGs	1,277,049	1,247,297	(2.33)%	1,380,886	10.71%	1,190,962	(13.75)%

Table 4.12 – AME RESOURCE – Year-on-Year Percentage Change – Real Terms

AME RESOURCE – Year-on-Year Percentage Change – Real Terms							
MAIN EXPENDITURE GROUPS (MEGs)	2021-22 Final Budget Revised Baseline	2022-23 New Plans		2023-24 New Plans		2024-25 New Plans	
	£000s	£000s	% Change	£000s	% Change	£000s	% Change
Health and Social Services	148,403	186,420	22.31%	190,257	(0.14)%	127,172	(34.39)%
Finance and Local Government	1,101,000	1,030,000	(8.91)%	1,121,000	6.49%	1,148,000	0.51%
Education and the Welsh Language	(148,386)	(146,304)	(4.00)%	(129,589)	(13.33)%	(163,720)	24.00%
Climate Change	96,592	100,393	1.20%	124,448	21.29%	4,740	(96.26)%
Economy	48,525	45,525	(8.65)%	45,525	(2.15)%	45,525	(1.85)%
Rural Affairs	—	—	—	—	—	—	—
Social Justice	27,915	28,063	(2.12)%	26,045	(9.19)%	26,045	(1.85)%
Central Services and Administration	3,000	3,200	3.86%	3,200	(2.15)%	3,200	(1.85)%
Total Allocations to Welsh Government MEGs	1,277,049	1,247,297	(4.96)%	1,380,886	8.33%	1,190,962	(15.35)%

Table 4.13 – AME CAPITAL – Year-on-Year Percentage Change

AME CAPITAL – Year-on-Year Percentage Change							
MAIN EXPENDITURE GROUPS (MEGs)	2021-22 Final Budget Revised Baseline	2022-23 New Plans		2023-24 New Plans		2024-25 New Plans	
	£000s	£000s	% Change	£000s	% Change	£000s	% Change
Health and Social Services	—	—	—	—	—	—	—
Finance and Local Government	—	—	—	—	—	—	—
Education and the Welsh Language	968,961	1,051,366	8.50%	1,161,411	10.47%	1,277,302	9.98%
Climate Change	—	—	—	—	—	—	—
Economy	—	—	—	—	—	—	—
Rural Affairs	—	—	—	—	—	—	—
Social Justice	—	—	—	—	—	—	—
Central Services and Administration	—	—	—	—	—	—	—
Total Allocations to Welsh Government MEGs	968,961	1,051,366	8.50%	1,161,411	10.47%	1,277,302	9.98%

Table 4.14 – AME CAPITAL – Year-on-Year Percentage Change – Real Terms

AME CAPITAL – Year-on-Year Percentage Change – Real Terms							
MAIN EXPENDITURE GROUPS (MEGs)	2021-22 Final Budget Revised Baseline	2022-23 New Plans		2023-24 New Plans		2024-25 New Plans	
	£000s	£000s	% Change	£000s	% Change	£000s	% Change
Health and Social Services	—	—	—	—	—	—	—
Finance and Local Government	—	—	—	—	—	—	—
Education and the Welsh Language	968,961	1,051,366	5.65%	1,161,411	8.09%	1,277,302	7.94%
Climate Change	—	—	—	—	—	—	—
Economy	—	—	—	—	—	—	—
Rural Affairs	—	—	—	—	—	—	—
Social Justice	—	—	—	—	—	—	—
Central Services and Administration	—	—	—	—	—	—	—
Total Allocations to Welsh Government MEGs	968,961	1,051,366	5.65%	1,161,411	8.09%	1,277,302	7.94%

Table 4.15 – Direct borrowing for capital purposes

	2022-2023 (£000s)	2023-2024 (£000s)	2024-2025 (£000s)
Total borrowing outstanding as at 1 April (principal)	183,083	326,919	465,450
Proposed capital borrowing to be drawn in-year	150,000	150,000	150,000
Repayment of principal in-year	(6,164)	(11,469)	(16,778)
Aggregate capital borrowing outstanding as at 31 March	326,919	465,450	598,672
Interest payments due in-year	(4,225)	(5,900)	(7,658)

Table 4.15a – Direct borrowing for capital purposes, repayment schedule 2022-23

Repayment schedule based on borrowing at levels detailed above			2022-23 (£000s)
	Amounts falling due within 1 year	Amounts falling due within 1 – 5 years	Amounts falling due after 5 years
Interest	4,225	22,413	50,610
Principal	6,614	47,063	279,856

Table 4.15b – Direct borrowing for capital purposes, repayment schedule 2023-24

Repayment schedule based on borrowing at levels detailed above			2023-24 (£000s)
	Amounts falling due within 1 year	Amounts falling due within 1 – 5 years	Amounts falling due after 5 years
Interest	5,900	28,990	64,790
Principal	11,469	68,752	396,698

Table 4.15c – Direct borrowing for capital purposes, repayment schedule 2024-25

Repayment schedule based on borrowing at levels detailed above			2024-25 (£000s)
	Amounts falling due within 1 year	Amounts falling due within 1 – 5 years	Amounts falling due after 5 years
Interest	7,658	35,259	77,521
Principal	16,778	90,748	507,924

The figures in Table 4.15 and Tables 4.15a to 4.15c are based on the assumption of borrowing levels being set at £150m per annum from 2022-23, up to, and including, 2024-25. Additionally, it should be noted that the repayment amounts shown will also be subject to fluctuations in interest rates.

Annex A: Reconciliation of administrative budget and resource allocations in the annual Budget motion

2022-23 FINAL BUDGET									
£000s									
MAIN EXPENDITURE GROUPS (MEGs)	Health and Social Services	Finance and Local Government	Education	Climate Change	Economy	Rural Affairs	Social Justice	Central Services and Administration	TOTAL
Resource	9,793,307	4,485,692	2,214,653	1,166,512	402,421	355,962	227,585	343,510	18,989,642
Capital	339,311	166,040	356,393	1,644,573	82,792	37,200	18,496	10,000	2,654,805
Resource AME	186,420	1,030,000	(146,304)	100,393	45,525	—	28,063	3,200	1,247,297
Capital AME	—	—	1,051,366	—	—	—	—	—	1,051,366
TOTAL MANAGED EXPENDITURE	10,319,038	5,681,732	3,476,108	2,911,478	530,738	393,162	274,144	356,710	23,943,110
Reconciliation to Resources									
Resource Consumption – Welsh Government Sponsored Bodies	(230)	(200)	(350)	(10,000)	(20,548)	—	—	—	(31,328)
Supported Borrowing	—	(88,800)	—	—	—	—	—	—	(88,800)
National Insurance Fund Receipts Collection Costs	(906)	—	—	—	—	—	—	—	(906)
National Non-Domestic Rates Payable (and Collection Costs)	—	(1,035,172)	—	—	—	—	—	—	(1,035,172)
Interest Repayments on Borrowing	—	(4,225)	—	—	—	—	—	—	(4,225)
PFI	—	—	—	(9,786)	—	—	—	—	(9,786)
RESOURCES REQUESTED	10,317,902	4,553,335	3,475,758	2,891,692	510,190	393,162	274,144	356,710	22,772,893

Annex B: Update on the impacts of inflation

1. Since the latest Chief Economist's Report was published in December 2021, prospects for inflation and the cost of living have worsened. Over the first two months of 2022, inflation has been at its highest since 2008.
2. Prior to the invasion of Ukraine, the Bank of England expected inflation to peak at just over 7% in April and then fall back towards the 2% target over the following two years.
3. The invasion is putting further pressure on energy prices and threatening to push inflation above the Bank of England's forecast.
4. Inflation will reduce real incomes and wages, resulting in a large fall in living standards, which is likely to be only partially offset by the additional support put in place to mitigate the increase in energy prices.
5. Prior to the invasion of Ukraine, the drivers of increased inflation had included higher energy costs, mainly as a result of constraints in the supply of gas, and production difficulties resulting from Covid. An increase in inflation has been experienced in many countries.
6. While the consensus of forecasters has consistently under-projected inflation over the last year, many of the price pressures do appear likely to be temporary. However, some of the pressures on energy prices may be longer lasting.
7. Although the evidence suggests that inflation generally affects people with different levels of income in a similar way, this is not the case for increased energy (and food) costs, which impact disproportionately on people with low incomes.
8. Wales is therefore particularly vulnerable to energy price inflation as we have a higher than average share of the population living on low incomes.
9. In addition, houses in Wales are on average less energy efficient than across the UK as a whole. This means that energy price increases will have an even greater effect in Wales.
10. There is evidence cold homes are linked to poor health and exacerbate respiratory conditions (e.g. COPD, asthma), cardiovascular conditions and stroke, and increase mortality. While energy efficiency improvements have been shown to be effective in reducing such adverse effects, policy in this area will take effect mainly over the long term.
11. Disabled people will be disproportionately impacted by the rising costs of living as they are more likely to be unemployed and to have low incomes. Minority ethnic children are also more likely to be in relative income poverty, so are likely to be impacted by rising costs of living - although there are large differences between different ethnic minorities.
12. There is less known about the impacts of costs of living for certain at-risk groups in Wales, but academic literature indicates such groups may also be impacted disproportionately. These groups include LGBT people, carers, homeless people, refugees and asylum seekers, and those with different types of impairments.

13. Higher prices for energy and other inputs will of course also increase business costs. While an individual business may report feeling disadvantaged by such an increase, the disadvantage is likely to be limited because the business's competitors will be subject to the same increase in costs. In these circumstances economic theory indicates that the higher costs will generally be passed on to consumers, adding further to the direct effects of energy price increases on living standards.
14. Energy price inflation could, however, have a substantial adverse impact on energy intensive industries, including steel, which of course has a significant presence in Wales.
15. Higher inflation will also strengthen arguments for higher pay, potentially affecting the public sector pay-bill.
16. Particular pressures may be felt on construction costs for public infrastructure projects and on energy costs for public service providers (including public transport). Other input costs faced by the public sector, for example in health and education, will also be affected.
17. The impact of higher inflation on the Welsh Government's budgetary prospects will depend to a large extent on UK Government fiscal policy decisions over 2022-23.
18. If, as it appears, inflation will be higher than expected by the OBR last October, the budgetary challenge for the Welsh Government will depend on whether the UK Government changes its own, nominal spending plans in response. If not, then the pressures will clearly increase.
19. The other components of the Welsh Government's budgetary arithmetic, the devolved taxes, will also be affected by inflation. However, their net impact depends on performance relative to the equivalent taxes in England and Northern Ireland. If inflation is experienced evenly across the UK, then its impact on the Welsh Government's budget via the devolved taxes is likely to be fairly minor.

Annex C: Glossary of financial terms

Action	<i>Within each Spending Programme Area (SPA), budgets are allocated to a number of sub-programmes known as Actions.</i>
Ambits	<i>Descriptions of the specific purposes for which the Welsh Ministers are authorised by the Senedd to spend resources. Ambit descriptions and resource limits are contained within the annual Budget motion. Ambits correspond to MEGs.</i>
Annually Managed Expenditure (AME)	<i>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. Local Authority expenditure financed by non-domestic rates is also reflected in AME budgets.</i>
Budget Expenditure Line (BEL)	<i>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</i>
Barnett formula	<i>The formula used by the UK government to calculate changes to the block grant allocated to the Welsh Government (and other devolved administrations). The Welsh Government receives the same changes in funding per head of the population as announced in England for services which are devolved to Wales. As part of the fiscal framework agreed between the Welsh Government and UK government in 2016, there is also a needs-based factor applied to the Barnett formula allocations to Wales. This is currently set at an additional five per cent.</i>
Budget Motion	<i>The means by which the Senedd authorises the 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.</i>
Capital	<i>Expenditure that in the main results in a physical asset, for example a new building. A proportion of the Capital DEL includes financial transactions capital.</i>
Departmental Expenditure Limit (DEL)	<i>The multi-year budget limit for the Welsh Government set by HM Treasury. DEL is planned and controlled on a multi-year basis in Spending Reviews. The Welsh Government DEL and AME budgets have separate capital and resource limits.</i>
Depreciation	<i>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.</i>
Direct Charges on the Welsh Consolidated Fund	<i>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.</i>
Financial Transactions Capital	<i>Financial transactions capital is part of the capital DEL settlement that can only be used for loans and equity investments to third parties. In the main, the funding must be repaid to HM Treasury.</i>

Fiscal Resource DEL <i>(previously known as near-cash)</i>	<i>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, resource grants, and subsidies.</i>
Main Expenditure Group (MEG)	<i>The Welsh Government DEL is divided into a number of Main Expenditure Groups. There are currently eight 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.</i>
Non-Fiscal Resource DEL <i>(previously known as non-cash)</i>	<i>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.</i>
Receipts	<i>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.</i>
Resource budgeting	<i>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.</i>
Resource <i>(previously known as revenue)</i>	<i>Current expenditure, for example funding for the pay of public sector workers and to purchase consumable goods and services.</i>
Spending Review	<i>Every two or three years, HM Treasury 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 by HM Treasury to calculate public expenditure allocated to Wales to reflect changes in spending levels allocated to public services in England.</i>
Spending Round	<i>The Spending Round is a UK Treasury-led process to allocate resources across all government departments, according to the Government's priorities. It does not include a revision to tax forecasts.</i>
Total Managed Expenditure (TME)	<i>This is an HM Treasury control total which is made up of the total Departmental Expenditure Limit plus Annually Managed Expenditure.</i>

Wales Reserve	<i>The Wales Reserve has been in operation since April 2018 as a tool to enable the Welsh Government to manage its budget across years. The Welsh Government will be able to save surplus revenues from the devolved taxes and underspends on the Departmental Expenditure Limit in the Reserve for use in future years. The Reserve will be able to hold up to £350m, with an annual drawdown limit of £125m for resource and £50m for capital. There will be no annual limit for payments in to the Reserve.</i>
Welsh Consolidated Fund	<i>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.</i>
WGSB	<i>Welsh Government Sponsored Body. Examples include the Higher Education Funding Council for Wales and the Arts Council of Wales.</i>