



Llywodraeth Cymru
Welsh Government

Welsh Government Supplementary Budget 2026-2027

Explanatory Note

October 2026



Contents

1. Introduction	2
2. Key Allocations	3
3. Changes to the Wales Budget since Final Budget 2026-27	7
4. Reserves	17
5. Annually Managed Expenditure (AME) Budgets	23
6. Restatement of Final Budget 2026-27	25
Annex 1 – Reconciliation between the Portfolio Budgets in the Action Tables and those the Budget Motion	31
Annex 2 – Glossary	33

Any queries on the content of this document should be sent to:
customerhelp@gov.wales

1. Introduction

- 1.1** The Welsh Government today tabled the Second Supplementary Budget for 2026-27 in accordance with Standing Order 20. This supplementary budget restates the allocations previously included in the First Supplementary Budget published on 23 June, which were not approved by the Senedd. This budget also includes an additional allocation for Additional Learning Needs, as a result of the agreement between the Welsh Government and Welsh Labour.
- 1.2** This remains a prudent and ambitious budget that is focussed on our priorities of cutting waiting lists, progressing the rollout of the most generous childcare offer anywhere in the UK and expanding free school meals to all secondary school pupils in households claiming Universal Credit. It also makes progress on putting Additional Learning Needs provision on a sustainable footing while delivering additional funding to support schools and learners this year.
- 1.3** In line with our commitment to ensuring that government works more effectively for everyone it serves, we are making some key investments in capital to improve our public services.
- 1.4** As was presented in the First Supplementary Budget, this supplementary budget also presents a restatement of the 2026-27 Final Budget in line with the new Ministerial portfolios, reclassifies former ring-fenced non-fiscal resource budgets to Annually Managed Expenditure (AME), regularises a number of transfers with the UK Government and includes adjustments to the Wales budget to reflect the impact of UK Government fiscal events.
- 1.5** The changes proposed in this budget are summarised in the following chapters.
- 1.6** This document supports the detailed 'Budget Expenditure Line (BEL) Tables' available on the Welsh Government's website.

2. Key Allocations

Introduction

- 2.1** Despite inheriting a fiscally challenging environment, this supplementary budget is a first step towards aligning our resources with our new priorities, whilst protecting public services. The allocations made will have tangible impacts, improving hospital waiting times and relieving cost of living pressures for families and households.

Health and Care MEG

- 2.2** An extra £145m is invested in NHS Wales through this supplementary budget. This includes £100m resource funding to start implementing our plan to reduce waiting lists. This funding will support a targeted programme of planned care activity in 2026-27, focused on increasing the volume of treatments and reducing the overall size of waiting lists. This will transform specialist treatments, putting infrastructure in place to treat more patients now and in the future.
- 2.3** To support our drive to reduce waiting lists, we have also invested an additional £25m capital to begin delivery of new surgical and diagnostic hubs, dedicated to providing high volume treatment in specialisms where patients are experiencing the longest waits.
- 2.4** Building further on this investment, an additional £20m capital has been allocated to address maintenance backlogs across the NHS estate. This investment will deliver essential repairs and upgrades, helping to ensure that patients are treated in safe, modern and reliable healthcare environments, while reducing disruption and avoiding higher costs in future.

Social Justice and Equality MEG

- 2.5** We have invested £55m to accelerate the expansion of funded childcare to more two year olds across Wales. This will help deliver 12.5 hours of funded childcare per week to all two year olds. The allocation includes a resource allocation of £45m and a capital allocation of £10m through the Education and Welsh Language MEG. The capital investment will help to enhance and expand childcare settings, improving the quality, capacity and accessibility of early years provision.
- 2.6** The extra investment will allow for the expansion of thousands of additional funded childcare places across Wales, focusing immediately on the expansion of childcare for two-year-olds.
- 2.7** The funding includes £20m for expansion of childcare to two year olds and £25m to meet existing demand against the Childcare Offer including funding for the change in hourly rate since April 2026. The funding will play a vital role in supporting the childcare system. It will help manage rising demand, strengthen the long-term sustainability of providers, and support Welsh-medium childcare - contributing to the Welsh Government's ambition of reaching one million Welsh speakers by 2050.
- 2.8** This is a phased rollout and represents a significant step towards the Welsh Government's commitment to provide 20 hours of funded care per week for all children aged nine months to four years old, the most generous childcare offer anywhere in the UK.
- 2.9** A further resource allocation of £2m has been made to begin the pilot of the Cynnal child payment. This initiative will provide targeted support to lower-income families supporting children through their early years and addressing poverty reduction.
- 2.10** Finally, this budget provides £5m capital through the Community Facilities Programme to improve local buildings and shared spaces. This investment will help to ensure that local communities have safe,

accessible and well-maintained places to meet, access services and take part in a range of local activities.

Education and Welsh Language MEG

2.11 £15m has been allocated through the Education and Welsh Language MEG to start enabling more secondary pupils to receive free school meals from September. A £5m resource and £10m capital allocation, to invest in school kitchen and dining areas, has been made to begin a phased roll out to extend free school meals to secondary pupils in households receiving Universal Credit by removing the income limit. This is a targeted policy for secondary schools and focuses on removing current income limits and broadening eligibility for support.

2.12 This will build on the existing universal primary free school meals offer, ensure more children have access to nutritious meals in school and reduce child poverty and cost of living pressures. A further £40m capital has been allocated to address the growing maintenance backlog across the education estate. The funding will support essential repairs and upgrades to school buildings, helping to ensure that pupils and staff learn and work in a safe, warm and well-maintained environment. By investing now, we can help to prevent further deterioration of the estate, reduce the need for more costly interventions in future, and support the continued delivery of high-quality education services across Wales.

2.13 As a result of a budget agreement between the Welsh Government and Welsh Labour, £60m has been allocated to the Education and Welsh Language MEG to provide further support for Additional Learning Needs (ALN) provision this year. The package delivers additional direct funding for schools and settings to stabilise current provision, as well as building necessary skills and capacity across local authorities to build a sustainable ALN system. A £56m resource allocation has been allocated via the Local Authority Education Grant (LAEG), to Local Authorities, of which £44.8m (80%) will be directly allocated to schools and settings. A

£2.5m resource allocation has been made for Further Education settings. An allocation of £1.5m has been allocated to support a long-term sustainability plan.

Local Government, Housing and Planning MEG

- 2.14** This supplementary budget has allocated £20m capital through the Local Government, Housing and Planning MEG to support social housing. This investment will help deliver new and improved affordable homes, reduce pressure on waiting lists and temporary accommodation, and ensure more people can access safe, secure housing.

Enterprise, Connectivity and Energy MEG

- 2.15** This budget provides £8 million resource to continue the £1 bus fare pilot for young people. This investment will help ensure affordable access to education, work and services, while reducing travel costs for families and supporting greater use of public transport.
- 2.16** A further strategic investment of £2m resource has been made to support the north-south bus service. Due to commence in early autumn, this will improve connectivity across Wales, helping people access jobs, education and services, while providing a reliable and affordable public sector transport option.

Culture and Sport MEG

- 2.17** An investment of £2m resource has been made to support school swimming. This investment will help to ensure more children can learn to swim and develop water safety skills, improving health, wellbeing and safety while supporting access to a key life skill.

3. Changes to the Wales Budget since Final Budget 2026-27

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 RESOURCE FINANCING	2026-27 Final Budget	Changes	2026-27 Supplementary Budget New Plans October 2026
	£000s	£000s	£000s
RESOURCE FINANCING			
Departmental Expenditure Limit (DEL) - Fiscal	18,496,826	455,182	18,952,008
Departmental Expenditure Limit (DEL) - Non-Fiscal	1,237,929	(1,237,929)	-
Annually Managed Expenditure (AME) – Fiscal	35,641	(3,783)	31,858
Annually Managed Expenditure (AME) – Non-Fiscal	287,626	1,325,924	1,613,550
Wales Devolved Financing - Non Domestic Rates	1,101,000	-	1,101,000
Wales Devolved Financing - Welsh Rate of Income Tax	3,976,926	-	3,976,926
Wales Devolved Financing - Land Transaction Tax	399,017	-	399,017
Wales Devolved Financing - Landfill Disposals Tax	36,563	-	36,563
Wales Devolved Financing - Principal repayment of borrowing	(14,898)	-	(14,898)
TOTAL RESOURCE FINANCING	25,556,630	539,394	26,096,024

COMPONENTS OF WELSH GOVERNMENT CAPITAL FINANCING	2026-27 Final Budget	Changes	2026-27 Supplementary Budget New Plans October 2026
	£000s	£000s	£000s
CAPITAL FINANCING			
Departmental Expenditure Limit (DEL) - General	3,441,441	34,265	3,475,706
Departmental Expenditure Limit (DEL) – Financial Transactions	131,746	26	131,772
Annually Managed Expenditure (AME) – Capital	1,375,242	42,449	1,417,691
Wales Devolved Financing – Capital Borrowing	165,000	-	165,000
Drawdown from the Wales Reserve	-	32,000	32,000
TOTAL CAPITAL FINANCING	5,113,429	108,740	5,222,169

TOTAL WELSH GOVERNMENT FINANCING	2026-27 Final Budget	Changes	2026-27 Supplementary Budget New Plans October 2026
	£000s	£000s	£000s
Total Resource Financing	25,556,630	539,394	26,096,024
Total Capital Financing	5,113,429	108,740	5,222,169
TOTAL FINANCING	30,670,059	648,134	31,318,193

Table 3.2 – Allocation of the Wales Budget

MAIN EXPENDITURE GROUPS (MEGs)	£000s		
	2026-27 Final Budget Restated	Changes	2026-27 Supplementary Budget New Plans October 2026
Health and Care	13,555,498	207,215	13,762,713
Local Government, Housing and Planning	8,326,452	20,000	8,346,452
Education and the Welsh Language	3,959,149	129,529	4,088,678
Enterprise, Connectivity and Energy	2,084,984	73,088	2,158,072
Rural Resilience and Sustainability	945,008	9,425	954,433
Social Justice and Equality	473,776	52,000	525,776
Culture and Sport	243,996	2,000	245,996
Central Services and Administration	456,150	(142)	456,008
Total Allocation to Welsh Government MEGs	30,045,013	493,115	30,538,128
Senedd Commission	102,672	-	102,672
Public Services Ombudsman for Wales	6,820	-	6,820
Wales Audit Office	10,477	-	10,477
Electoral Commission	3,609	-	3,609
Direct Charges to the Welsh Consolidated Fund	863	3	866
Unallocated Resource - Fiscal Resource - DEL	40,177	146,326	186,503
Unallocated Capital - General Capital - DEL	118,026	(117,997)	29
Unallocated Capital - Financial Transactions Capital - DEL	3,065	26	3,091
<i>Unallocated AME*</i>	-	465,998	465,998
TOTAL WELSH BUDGET	30,330,722	987,471	31,318,193

**One-off unallocated AME arising primarily from the RRDEL to AME transition; is not expected to remain in subsequent budgets.*

Table 3.3 – Changes to the Welsh Government MEG Resource Allocations

MAIN EXPENDITURE GROUPS (MEGs)	FISCAL RESOURCE		
	2026-27 Final Budget Restated	Changes	2026-27 Supplementary Budget New Plans October 2026
Health and Care	12,293,491	155,715	12,449,206
Local Government, Housing and Planning	5,885,125	-	5,885,125
Education and the Welsh Language	2,104,581	69,529	2,174,110
Enterprise, Connectivity and Energy	867,178	34,389	901,567
Rural Resilience and Sustainability	587,729	362	588,091
Social Justice and Equality	453,890	47,000	500,890
Culture and Sport	134,404	2,000	136,404
Central Services and Administration	416,361	(142)	416,219
Total Allocation to Welsh Government MEGs	22,742,759	308,853	23,051,612

Table 3.4 – Changes to the Welsh Government MEG Capital Allocations

MAIN EXPENDITURE GROUPS (MEGs)	£000s					
	GENERAL CAPITAL			FINANCIAL TRANSACTIONS		
	2026-27 Final Budget Restated	Changes	2026-27 Supplementary Budget New Plans October 2026	2026-27 Final Budget Restated	Changes	2026-27 Supplementary Budget New Plans October 2026
Health and Care	625,750	51,500	677,250	-	-	-
Local Government, Housing and Planning	1,215,106	20,000	1,235,106	92,508	-	92,508
Education and the Welsh Language	407,097	60,000	467,097	(1,968)	-	(1,968)
Enterprise, Connectivity and Energy	839,144	38,699	877,843	28,484	-	28,484
Rural Resilience and Sustainability	293,173	9,063	302,236	10,200	-	10,200
Social Justice and Equality	18,198	5,000	23,198	457	-	457
Culture and Sport	65,412	-	65,412	(1,000)	-	(1,000)
Central Services and Administration	18,189	-	18,189	-	-	-
Total Allocation to Welsh Government MEGs	3,482,069	184,262	3,666,331	128,681	-	128,681

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 £455.182m comprising:

- An increase from Barnett consequentials totalling £372.456m (£326.885m from the UK Spring Statement 2026 and £45.571m from the UK Government's Main Estimates 2026);
- Transfers of £75.674m with Government Departments; and,
- A capital to resource switch of £7.052m in respect of Software Licence Spend.

3.4 The details of the transfers with other Government Departments are set out in the table below.

Transfers with other Government Departments		
Government Department	Description	£000s
HM Treasury Reserves	VAT on post-16 specialist placement - retrospective claim for 2024/25 and 2025/26	186
HM Treasury Reserves	VAT on post-16 specialist placement - claim for 2026/27	105
Home Office	Immigration Health Surcharge 2026-27	50,242
Department of Health and Social Care	Voluntary Scheme for Branded Medicines Pricing, Access and Growth (VPAG) Investment Fund – Health Technology Assessment	797
Department of Health and Social Care	HIV Infected Blood Support Scheme - Operational Costs	276
Ministry of Justice	Parc Learning and Skills Funding	3,738
Ministry of Justice	Pay award for the public sector staff that deliver learning and skills provision in South Wales prisons	500
Department for Work and Pensions	Economic Inactivity Trailblazer	8,000

Ministry of Housing, Communities & Local Government	Investment Zones	11,589
Ministry of Housing, Communities & Local Government	Homes for Ukraine	383
HMT	Funding the Office for Budget Responsibility for work undertaken on devolved tax forecasts	(132)
Cabinet Office	Welsh Government Contribution to Civil Service Live 2026	(10)
Total		75,674

Non-Fiscal Resource

- 3.5** Effective from the Main Estimate 2026-27, HMT have reclassified the ringfenced non-fiscal resource DEL (RRDEL) to resource AME. The inclusion of non-fiscal resource in the DEL budget was considered to create volatility and to weaken the link between spending allocations and cash resources required to deliver public services.
- 3.6** This technical change has resulted in the removal of the £1,237.929m RRDEL budget and a corresponding increase to the AME budget as part of this first supplementary budget. Overall, there is a net nil impact on baselines.
- 3.7** Table 6.1 below sets out the restatement of Final Budget to reflect the reallocation of RRDEL to RAME.

Wales Devolved Financing

- 3.8** There are no changes to the devolved tax income in this supplementary budget – forecasts continue to reflect those published at the time of the Final Budget.
- 3.9** Capital plans in the 2026-27 Final Budget assumed in-year borrowing of £165m. This assumption remains the same for this supplementary budget.

General Capital

3.10 The general capital baseline has increased by a net amount of £34.265m comprising:

- An increase in Barnett consequentials totalling £4.364m (£4.281m from the UK Spring Statement 2026 and £83k from the UK Government's Main Estimates 2026);
- Transfers of £36.953m with Government Departments; and,
- A capital to resource switch of £7.052k in respect of Software Licence Spend.

3.11 The details of the transfers with other Government Departments are set out in the table below.

Transfers with other Government Departments		
Government Department	Description	£000s
HM Treasury Reserves	Swansea Bay City Deal	1,000
Department of Health and Social Care	Voluntary Scheme for Branded Medicines Pricing, Access and Growth (VPAG) Investment Fund - Clinical Trials Programme	6,500
Ministry of Housing, Communities & Local Government	Investment Zones	15,133
Ministry of Housing, Communities & Local Government	Freeports	11,020
Ministry of Housing, Communities & Local Government	Freeports - Harbourside Remediation (NPT)	3,300
Total		36,953

Financial Transactions Capital

3.12 The financial transaction baseline has increased by £0.026m since the 2026-27 Final Budget due to Main Estimate 2026-27 consequentials.

AME

3.13 The AME baseline has increased by £1,364.590m since the 2026-27 Final Budget comprising the following movements at Main Estimates 2026-27:

- A reduction of £3.783m fiscal AME;
- An increase of £1,325.924m non-fiscal AME which includes the RRDEL to AME reclassification; and,
- An increase of £42.449m capital AME

Table 3.5 – Summary of the Welsh Government MEG Total Allocations

2026-27 TOTAL MEG ALLOCATIONS as per SUPPLEMENTARY BUDGET										
£000s										
MAIN EXPENDITURE GROUPS (MEGs)	Resource			Capital			AME			TOTAL MEG ALLOCATION
	Fiscal	Non-Fiscal ¹	Resource Total	General	Financial Transactions	Capital Total	Resource	Capital	AME Total	
Health and Care	12,449,206	-	12,449,206	677,250	-	677,250	635,637	620	636,257	13,762,713
Local Government, Housing and Planning	5,885,125	-	5,885,125	1,235,106	92,508	1,327,614	1,133,713	-	1,133,713	8,346,452
Education and the Welsh Language	2,174,110	-	2,174,110	467,097	(1,968)	465,129	74,085	1,375,354	1,449,439	4,088,678
Enterprise, Connectivity and Energy	901,567	-	901,567	877,843	28,484	906,327	350,178	-	350,178	2,158,072
Rural Resilience and Sustainability	588,091	-	588,091	302,236	10,200	312,436	54,638	(732)	53,906	954,433
Social Justice and Equality	500,890	-	500,890	23,198	457	23,655	1,231	-	1,231	525,776
Culture and Sport	136,404	-	136,404	65,412	(1,000)	64,412	45,180	-	45,180	245,996
Central Services and Administration	416,219	-	416,219	18,189	-	18,189	21,600	-	21,600	456,008
TOTAL ALLOCATIONS TO MEGs	23,051,612	-	23,051,612	3,666,331	128,681	3,795,012	2,316,262	1,375,242	3,691,504	30,538,128

¹ Non-Fiscal Resource is now part of AME Resource following budgetary reclassification by HMT.

4. Reserves

4.1 This budget regularises a number of allocations to and from reserves. A summary can be found in table 4.1 below and a full list detailing all the movements on the Welsh Government's reserves is available on the Welsh Government's website.

Allocations from Fiscal Resource Reserves

4.2 Allocations totalling £308.995m have been made from fiscal resource reserves in this supplementary budget. This includes £224m allocated towards Welsh Government priorities and £84.995m of Budget Cover Transfers (including £9.562m from 2025-26).

4.3 The following allocations have been made to MEGs:

Welsh Government Priorities		
BEL	Detail	£000s
Core NHS Allocations	Waiting Times	100,000
Health and Care		100,000
Food and Nutrition in Schools	Free Schools Meals Rollout to Secondary Schools	5,000
Education Reform (LAEG)	Additional Learning Needs – Local Authority Education Grant (LAEG) to Local Authorities	56,000
Medr Programme Expenditure	Additional Learning Needs – for Further Education settings	2,500
Additional Learning Needs	Additional Learning Needs – to support long-term sustainability plan	1,500
Education and the Welsh Language		65,000
Bus Service Support	Young Persons Bus Travel	8,000
Bus Service Support	North-South Coach Travel	2,000
Enterprise, Connectivity and Energy		10,000
Support for Childcare and Play	Childcare	20,850
Children and Communities Grant	Childcare (funding for expansion of childcare to two years olds)	24,150
Cynnal	Cynnal Payment	2,000
Social Justice and Equality		47,000
Support for Local Culture and Sport	School Swimming	2,000
Culture and Sport		2,000
Total		224,000

Budget Cover Transfers		
BEL	Detail	£000s
Core NHS Allocations	Immigration Health Surcharge 2026/27	50,242
Core NHS Allocations	Voluntary Scheme for Branded Medicines Pricing, Access and Growth (VPAG) Investment Fund – Health Technology Assessment	797
Other Direct NHS Allocations	HIV Infected Blood Support Scheme - Operational Costs	276
Health Improvement and Healthy Working	Gambling Levy (carried forward from 2025-26)	4,000
Mental Health	Individual Placement Support (carried forward from 2025-26)	400
Health and Care		55,715
Offender Learning	Parc Learning and Skills Funding	3,738
Offender Learning	Pay award for the public sector staff that deliver learning and skills provision in South Wales prisons	500
Post 16 Specialist Placements	VAT on post-16 specialist placement	291
Education and the Welsh Language		4,529
Investment Zones	Investment Zones	11,589
Employability	Economic Inactivity Trailblazer	8,000
Employability	Economic Inactivity Trailblazer (carried forward from 2025-26)	4,800
Enterprise, Connectivity and Energy		24,389
Welsh Government Energy Service	GB Energy (carried forward from 2025-26)	362
Rural Resilience and Sustainability		362
Total		84,995

Transfers to Fiscal Resource Reserves

4.4 Transfers totalling £0.142m have been made into fiscal resource reserves in this supplementary budget from the following portfolios:

Budget Cover Transfers		
BEL	Detail	£000s
Devolved Taxes	Office for Budget Responsibility - devolved tax forecasts	(132)
General Administration Expenditure	Contribution to Civil Service Live 2026	(10)
Central Services and Administration		(142)
Total		(142)

- 4.5** These transfers back to reserves relate to funding transferred to other Government Departments through the Main Estimates.

Allocations from General Capital Reserves

- 4.6** Allocations totalling £184.262m have been made from general capital reserves in this supplementary budget. This includes £130m allocated towards Welsh Government priorities and £54.262m of Budget Cover Transfers (including £17.309m from 2025-26).

- 4.7** The following allocations have been made to MEGs:

Welsh Government Priorities		
BEL	Detail	£000s
Core NHS Allocations	Waiting Times - Surgical and Diagnostic Hubs	25,000
Core NHS Allocations	NHS Capital Maintenance	20,000
Health and Care		45,000
Social Housing Grants	Social Housing	20,000
Local Government, Housing and Planning		20,000
Education Infrastructure	Free Schools Meals Rollout to Secondary Schools	10,000
Education Infrastructure	Schools Maintenance	40,000
Education Infrastructure	Childcare	10,000
Education and the Welsh Language		60,000
Community Facilities Programme	Community Facilities Programme	5,000
Social Justice and Equality		5,000
		130,000

Budget Cover Transfers		
BEL	Detail	£000s
Research and Development	Voluntary Scheme for Branded Medicines Pricing, Access and Growth (VPAG) Investment Fund - Clinical Trials Programme	6,500
Health and Care		6,500
Investment Zones	Investment Zones	15,133
Freeports	Freeports	11,020
Business and Regional Economic Development	Holyhead Hydrogen Hub (carried forward from 2025-26)	4,800

Budget Cover Transfers		
BEL	Detail	£000s
Freeports	Freeports (carried forward from 2025-26)	3,446
Freeports	Freeports - Harbourside Remediation (NPT)	3,300
City and Growth Deals	Swansea Bay City Deal	1,000
Enterprise, Connectivity and Energy		38,699
Welsh Government Energy Service	GB Energy (carried forward from 2025-26)	9,063
Rural Resilience and Sustainability		9,063
		54,262

Impact on the Wales Reserve

4.8 This supplementary budget includes a £32m general capital drawdown from the Wales Reserve. The resulting impact on the Wales Reserve would be:

	Resource (£000s)	General Capital (£000s)	FT (£000s)	Total (£000s)
2025-26 provisional carry forward	170,325	87,572	336	258,233
Supplementary Budget drawdown		(32,000)		(32,000)
Remaining resources	170,325	55,572	336	226,233

4.9 The amounts in the Wales Reserve are still provisional until the 2025-26 outturn position is finalised.

Table 4.1 - Changes to the 2026-27 Reserves since Final Budget and the Allocations from Reserves being made in this Supplementary Budget

	£000s						
	Fiscal Resource	Non-Fiscal Resource	Total Resource	General Capital	Financial Transaction Capital	Total Capital	Total
Reserves as per Final Budget	40,177	-	40,177	118,026	3,065	121,091	161,268
Transfers & Consequential since the Final Budget	455,182	-	455,182	34,265	26	34,291	489,473
Drawdown from the Wales Reserve	-	-	-	32,000	-	32,000	32,000
Revised Reserves	495,359	-	495,359	184,291	3,091	187,382	682,741
MEG CHANGES AFFECTING RESERVES							
Health and Care	(155,715)	-	(155,715)	(51,500)	-	(51,500)	(207,215)
Local Government, Housing and Planning	-	-	-	(20,000)	-	(20,000)	(20,000)
Education and the Welsh Language	(69,529)	-	(69,529)	(60,000)	-	(60,000)	(129,529)
Enterprise, Connectivity and Energy	(34,389)	-	(34,389)	(38,699)	-	(38,699)	(73,088)
Rural Resilience and Sustainability	(362)	-	(362)	(9,063)	-	(9,063)	(9,425)
Social Justice and Equality	(47,000)	-	(47,000)	(5,000)	-	(5,000)	(52,000)
Culture and Sport	(2,000)	-	(2,000)	-	-	-	(2,000)
Central Services and Administration	142	-	142	-	-	-	142

MEG CHANGES AFFECTING RESERVES	(308,853)	-	(308,853)	(184,262)	-	(184,262)	(493,115)
OTHER CHANGES AFFECTING RESERVES							
Direct Charges to the Welsh Consolidated Fund	(3)	-	(3)	-	-	-	(3)
OTHER CHANGES AFFECTING RESERVES	(3)	-	(3)	-	-	-	(3)
Reserves in this Budget	186,503	-	186,503	29	3,091	3,120	189,623

5. Annually Managed Expenditure (AME) Budgets

- 5.1** AME budgets detailed in the 2026-27 Final Budget have increased as part of the First Supplementary Budget 2026-27 following the reclassification of Ringfenced RDEL (RRDEL) to RAME by HMT.
- 5.2** Table 6.1 below sets out the restatement of Final Budget to reflect the reallocation of RRDEL to RAME.

Table 5.1 below sets out the current AME budgets.

Table 5.1 – Changes to the Welsh Government MEG AME Allocations

MAIN EXPENDITURE GROUPS (MEGs)	£000s					
	RESOURCE			CAPITAL		
	2026-27 Final Budget Restated	Changes	2026-27 Supplementary Budget New Plans October 2026	2026-27 Final Budget Restated	Changes	2026-27 Supplementary Budget New Plans October 2026
Health and Care	635,637	-	635,637	620	-	620
Local Government, Housing and Planning	1,133,713	-	1,133,713	-	-	-
Education and the Welsh Language	74,085	-	74,085	1,375,354	-	1,375,354
Enterprise, Connectivity and Energy	350,178	-	350,178	-	-	-
Rural Resilience and Sustainability	54,638	-	54,638	(732)	-	(732)
Social Justice and Equality	1,231	-	1,231	-	-	-
Culture and Sport	45,180	-	45,180	-	-	-
Central Services and Administration	21,600	-	21,600	-	-	-
Total Allocation to Welsh Government	2,316,262	-	2,316,262	1,375,242	-	1,375,242

6. Restatement of Final Budget 2026-27

- 6.1** This supplementary budget presents two restatements of the 2026-27 Final Budget.
- 6.2** The first restatement reclassifies the former ring-fenced non-fiscal resource DEL budgets (RRDEL) to Annually Managed Expenditure (AME). This restatement took place prior to the announcement of the new Ministerial portfolios. Table 6.1 sets out a summary of the movements.
- 6.3** A further restatement realigns the Welsh Government Main Expenditure Groups to reflect the most recent ministerial portfolios announced in May 2026. Table 6.2 sets out a summary of the movements.
- 6.4** The restatements set the baselines for this supplementary budget. Detailed restatement annexes are available on the Welsh Government's website.

Table 6.1 – Restatement of 2026-27 Final Budget - Reallocation of RRDEL to AME

2026-27 Final Budget Allocations Prior to the Reallocation of Non-Fiscal Resource from DEL to AME										
£000s										
MAIN EXPENDITURE GROUPS (MEGs)	Resource			Capital			AME			TOTAL MEG ALLOCATION
	Fiscal	Non-Fiscal	Resource Total	General	Financial Transactions	Capital Total	Resource	Capital	AME Total	
Health and Social Care	12,602,651	325,509	12,928,160	625,750	-	625,750	310,672	620	311,292	13,865,202
Housing and Local Government	5,877,430	-	5,877,430	1,215,106	92,508	1,307,614	1,133,713	-	1,133,713	8,318,757
Education	1,865,169	267,594	2,132,763	401,990	(1,968)	400,022	(207,936)	1,375,354	1,167,418	3,700,203
Transport	706,194	226,691	932,885	561,373	-	561,373	83,767	-	83,767	1,578,025
Climate Change and Rural Affairs	596,535	20,938	617,473	322,157	10,200	332,357	33,700	(732)	32,968	982,798
Economy, Energy and Planning	496,986	32,664	529,650	316,149	27,484	343,633	66,525	-	66,525	939,808
Social Justice	144,194	461	144,655	18,248	457	18,705	226	-	226	163,586
Central Services and Administration	453,600	18,538	472,138	21,296	-	21,296	3,200	-	3,200	496,634
TOTAL ALLOCATIONS TO WELSH GOVERNMENT MEGs	22,742,759	892,395	23,635,154	3,482,069	128,681	3,610,750	1,423,867	1,375,242	2,799,109	30,045,013

2026-27 Final Budget Allocations Following the Reallocation of Non-Fiscal Resource from DEL to AME										
£000s										
MAIN EXPENDITURE GROUPS (MEGs)	Resource			Capital			AME			TOTAL MEG ALLOCATION
	Fiscal	Non-Fiscal	Resource Total	General	Financial Transactions	Capital Total	Resource	Capital	AME Total	
Health and Social Care	12,602,651	-	12,602,651	625,750	-	625,750	636,181	620	636,801	13,865,202
Housing and Local Government	5,877,430	-	5,877,430	1,215,106	92,508	1,307,614	1,133,713	-	1,133,713	8,318,757
Education	1,865,169	-	1,865,169	401,990	(1,968)	400,022	59,658	1,375,354	1,435,012	3,700,203
Transport	706,194	-	706,194	561,373	-	561,373	310,458	-	310,458	1,578,025
Climate Change and Rural Affairs	596,535	-	596,535	322,157	10,200	332,357	54,638	(732)	53,906	982,798
Economy, Energy and Planning	496,986	-	496,986	316,149	27,484	343,633	99,189	-	99,189	939,808
Social Justice	144,194	-	144,194	18,248	457	18,705	687	-	687	163,586
Central Services and Administration	453,600	-	453,600	21,296	-	21,296	21,738	-	21,738	496,634
TOTAL ALLOCATIONS TO WELSH GOVERNMENT MEGs	22,742,759	-	22,742,759	3,482,069	128,681	3,610,750	2,316,262	1,375,242	3,691,504	30,045,013

MAIN EXPENDITURE GROUPS (MEGs)	MOVEMENTS									
	£000s									
	Resource			Capital			AME			TOTAL MEG ALLOCATION
	Fiscal	Non-Fiscal	Resource Total	General	Financial Transactions	Capital Total	Resource	Capital	AME Total	
Health and Social Care	-	(325,509)	(325,509)	-	-	-	325,509	-	325,509	-
Housing and Local Government	-	-	-	-	-	-	-	-	-	-
Education	-	(267,594)	(267,594)	-	-	-	267,594	-	267,594	-
Transport	-	(226,691)	(226,691)	-	-	-	226,691	-	226,691	-
Climate Change and Rural Affairs	-	(20,938)	(20,938)	-	-	-	20,938	-	20,938	-
Economy, Energy and Planning	-	(32,664)	(32,664)	-	-	-	32,664	-	32,664	-
Social Justice	-	(461)	(461)	-	-	-	461	-	461	-
Central Services and Administration	-	(18,538)	(18,538)	-	-	-	18,538	-	18,538	-
NET MOVEMENT	-	(892,395)	(892,395)	-	-	-	892,395	-	892,395	-

Table 6.2 – Restatement of 2026-27 Final Budget - New Ministerial Portfolios

2026-27 Final Budget Allocations Following Changes in Ministerial Portfolios										
£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 Care	12,293,491	-	12,293,491	625,750	-	625,750	635,637	620	636,257	13,555,498
Local Government, Housing and Planning	5,885,125	-	5,885,125	1,215,106	92,508	1,307,614	1,133,713	0	1,133,713	8,326,452
Education and the Welsh Language	2,104,581	-	2,104,581	407,097	(1,968)	405,129	74,085	1,375,354	1,449,439	3,959,149
Enterprise, Connectivity and Energy	867,178	-	867,178	839,144	28,484	867,628	350,178	0	350,178	2,084,984
Rural Resilience and Sustainability	587,729	-	587,729	293,173	10,200	303,373	54,638	(732)	53,906	945,008
Social Justice and Equality	453,890	-	453,890	18,198	457	18,655	1,231	0	1,231	473,776
Culture and Sport	134,404	-	134,404	65,412	(1,000)	64,412	45,180	0	45,180	243,996
Central Services and Administration	416,361	-	416,361	18,189	-	18,189	21,600	0	21,600	456,150
TOTAL ALLOCATIONS TO WELSH GOVERNMENT MEGs	22,742,759	-	22,742,759	3,482,069	128,681	3,610,750	2,316,262	1,375,242	3,691,504	30,045,013

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 Care	(309,160)	-	(309,160)	-	-	-	(544)	-	(544)	(309,704)
Local Government, Housing and Planning	7,695	-	7,695	-	-	-	-	-	-	7,695
Education and the Welsh Language	239,412	-	239,412	5,107	-	5,107	14,427	-	14,427	258,946
Enterprise, Connectivity and Energy	370,192	-	370,192	522,995	1,000	523,995	250,989	-	250,989	1,145,176
Rural Resilience and Sustainability	(8,806)	-	(8,806)	(28,984)	-	(28,984)	-	-	-	(37,790)
Social Justice and Equality	309,696	-	309,696	(50)	-	(50)	544	-	544	310,190
Culture and Sport	134,404	-	134,404	65,412	(1,000)	64,412	45,180	-	45,180	243,996
Central Services and Administration	(37,239)	-	(37,239)	(3,107)	-	(3,107)	(138)	-	(138)	(40,484)
Transport	(706,194)	-	(706,194)	(561,373)	-	(561,373)	(310,458)	-	(310,458)	(1,578,025)
NET MOVEMENT	-	-	-	-	-	-	-	-	-	-

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

The Explanatory Note supports the Supplementary Budget Motion published alongside this document, which sets out the changes to both the resources that the Welsh Government is proposing to use in 2026-27 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.

2026-27 SUPPLEMENTARY BUDGET									
£000s									
	Health and Care	Local Government, Housing and Planning	Education and the Welsh Language	Enterprise, Connectivity and Energy	Rural Resilience and Sustainability	Social Justice and Equality	Culture and Sport	Central Services and Administration	TOTAL
Resource	12,449,206	5,885,125	2,174,110	901,567	588,091	500,890	136,404	416,219	23,051,612
Capital	677,250	1,327,614	465,129	906,327	312,436	23,655	64,412	18,189	3,795,012
Resource AME	635,637	1,133,713	74,085	350,178	54,638	1,231	45,180	21,600	2,316,262
Capital AME	620	-	1,375,354	-	(732)	-	-	-	1,375,242
TOTAL MANAGED EXPENDITURE	13,762,713	8,346,452	4,088,678	2,158,072	954,433	525,776	245,996	456,008	30,538,128
Reconciliation to Resources									
Resource Consumption - Welsh Government Sponsored Bodies	(39)		(437)		(41,968)		(38,566)		(81,010)
Supported Borrowing		(88,800)							(88,800)
National Insurance Fund Receipts Collection Costs	(906)								(906)
National Non-Domestic Rates Payable (and Collection Costs)		(1,106,172)							(1,106,172)
Interest Repayments on Borrowing								(24,310)	(24,310)
PFI				(17,468)					(17,468)
RESOURCES REQUESTED	13,761,768	7,151,480	4,088,241	2,140,604	912,465	525,776	207,430	431,698	29,219,462

Annex 2 – Glossary

Action	Within each Spending Programme Area (SPA), budgets are allocated to a number of sub-programmes known as Actions.
Ambits	Descriptions of the specific purposes for which Welsh Ministers are authorised by Senedd Cymru to spend resources. Ambit Descriptions and resource limits are contained within the Annual and Supplementary Budget Motions. Ambits correspond to MEGs.
Annually Managed Expenditure (AME)	Expenditure which cannot reasonably be subject to firm, multi-year limits in the same way as DEL and is therefore reviewed twice a year as part of the HM Treasury's Budget and Pre-Budget Report processes. AME typically consists of programmes which are large, volatile or demand-led, for example the issue of student loans. From 2026-27, RDEL ringfenced for depreciation and impairments was reclassified to AME.
Budget Motion	The means by which Senedd Cymru authorises Welsh Ministers to spend resources up to a specific level for specified purposes and to draw cash up to a specific limit from the Welsh Consolidated Fund.
Budget Expenditure Line (BEL)	Within each Action budgets are allocated to a number of sub-expenditure groups known as BELs. Tables showing budgets at BEL level are available at: http://gov.wales/funding/budget/?lang=en
Capital	Expenditure that in the main results in a physical asset, for example a new building. The Welsh Government DEL and AME budgets have separate capital and resource limits.
Departmental Expenditure Limit (DEL)	The multi-year budget limit for the Welsh Government set by the HM Treasury in Spending Reviews.
Depreciation	The drop in value of an asset due to wear and tear, age and obsolescence.

Direct Charges on the Welsh Consolidated Fund	Expenditure which is legally required to be charged directly to the Welsh Consolidated Fund and therefore does not score against the budgets of the Welsh Government or any other body. Direct Charges include the remuneration of the Presiding Officer and Auditor General.
Financial Transactions	Financial transactions can only be used for loans and equity purposes. A proportion of the funding also has to be repaid to the Exchequer.
Fiscal Resource DEL (sometimes referred to as revenue)	The Fiscal Resource DEL budget scores most of the government's current expenditure. Expenditure is recorded on an accruals basis. It includes expenditure on pay, current procurement, current grants and subsidies.
Main Expenditure Group (MEG)	The Welsh Government DEL is divided into a number of Main Expenditure Groups. There are currently 8 MEGs: Health and Care; Local Government, Housing and Planning; Education and the Welsh Language; Culture and Sport; Rural Resilience and Sustainability; Enterprise, Connectivity and Energy; Social Justice and Equality and Central Services and Administration.
Non-Fiscal Resource DEL (sometimes referred to as 'non cash')	Effective from 2026-27, HMT have reclassified the ringfenced non-fiscal resource DEL (RRDEL) to resource AME.
Receipts	Some areas of Welsh Government activity generate income, for example, through the sale or rental of assets. These are represented in the budget as negative figures.
Resource budgeting	The Welsh Government's budget is set on a resource basis derived from accruals information. Accruals information measures resources as they are consumed rather than when the cash is paid. So, for example, resource budgeting includes a charge for depreciation, a measure of the consumption or wearing out of capital assets.

Spending Review	HM Treasury periodically reviews expenditure for each UK Government Department and sets budgets for the forthcoming years. Budgets for the devolved governments are derived from these budgets via the Barnett formula, which is the mechanism used to calculate public expenditure allocated to Wales to reflect changes in spending levels allocated to public services in England.
Total Managed Expenditure (TME)	This is an HM Treasury control total which is made up of the total Departmental Expenditure Limit plus Annually Managed Expenditure.
Welsh Consolidated Fund	The account into which the money voted by the UK Parliament for use by the Welsh Government, the Senedd Commission, the Auditor General, and the Public Services Ombudsman for Wales is paid.
WGSB	Welsh Government Sponsored Body. Examples include the Higher Education Funding Council for Wales and the Arts Council of Wales.