



2016-2017

# Supplementary Budget Explanatory Note

June 2016

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## 1. Introduction

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- 1.1** The Welsh Government today tabled the First Supplementary Budget for 2016-17 in accordance with Standing Order 20. This Supplementary Budget proposes changes to the Final Budget for 2016-17 as approved by the National Assembly for Wales ('the Assembly') on 8 March 2016.
- 1.2** This Supplementary Budget is mainly administrative in nature and provides details of the restructuring of budgets to reflect the portfolio responsibilities of the new government. The budget also regularises a small number of allocations from reserves that were agreed in the previous administration but have not yet been reflected in the budget. It includes adjustments to the Wales DEL budget to reflect transfers and consequential received in the UK Government's Autumn Statement and March Budget 2016. Finally it also reflects changes in Annually Managed Expenditure forecasts, in line with our latest details provided to HM Treasury.
- 1.3** The changes proposed in this budget are summarised in the following chapters.
- 1.4** This document supports the detailed 'Action Tables' available on the Welsh Government's website.

## **2 Changes to the Wales DEL since the Final Budget 2016-17**

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- 2.1** There are a number of changes which reflect revisions since the Final Budget 2016-17 was agreed by the Assembly on 8 March 2016. The changes comprise adjustments to Resource and Capital baselines, transfers between Ministerial portfolios to reflect changes in Ministerial responsibilities and allocations from Reserves.

Tables 2.1 to 2.4 below set out the net impact of all the DEL changes.

**Table 2.1 – Allocation of the Wales DEL – Supplementary Budget**

OLD MAIN EXPENDITURE GROUPS (MEGs)		£000s			NEW MAIN EXPENDITURE GROUPS (MEGs)		£000s	
		2016-17 Final Budget	2016-17 Portfolio Changes	Restated 2016-17 Final Budget			2016-17 Other Changes	2016-17 Supplementary Budget New Plans June 2016
Departmental Expenditure Limits (DEL)					Departmental Expenditure Limits (DEL)			
Health and Social Services		7,004,269	12,078	7,016,347	Health, Well-being and Sport		0	7,016,347
Local Government		3,370,622	-16,706	3,353,916	Local Government		0	3,353,916
Communities and Tackling Poverty		707,323	26,678	734,001	Communities and Children		0	734,001
Economy, Science & Transport		988,747	123,315	1,112,062	Economy and Infrastructure		2,000	1,114,062
Education and Skills		1,756,578	-145,365	1,611,213	Education		10,000	1,621,213
Natural Resources		376,575	-1,460	375,115	Environment and Rural Affairs		10,785	385,900
Central Services and Administration		311,897	1,460	313,357	Central Services and Administration		7,700	321,057
<b>Total Allocation to Welsh Government Departments</b>		<b>14,516,011</b>	<b>0</b>	<b>14,516,011</b>	<b>Total Allocation to Welsh Government Departments</b>		<b>30,485</b>	<b>14,546,496</b>
Resource Reserves	Fiscal Resource DEL	217,718	0	217,718	Resource Reserves	Fiscal Resource DEL	52,341	270,059
	Non-Fiscal Resource DEL	209,871	0	209,871		Non-Fiscal Resource DEL	-37,259	172,612
Capital Reserves		173,747	0	173,747	Capital Reserves		3,615	177,362
Assembly Commission		54,438	0	54,438	Assembly Commission		0	54,438
Public Services Ombudsman for Wales		4,339	0	4,339	Public Services Ombudsman for Wales		0	4,339
Auditor General for Wales		6,928	0	6,928	Auditor General for Wales		0	6,928
Direct Charges to the Welsh Consolidated Fund		707	0	707	Direct Charges to the Welsh Consolidated Fund		0	707
<b>Total Expenditure within the Wales DEL Budget</b>		<b>15,183,759</b>	<b>0</b>	<b>15,183,759</b>	<b>Total Expenditure within the Wales DEL Budget</b>		<b>49,182</b>	<b>15,232,941</b>

**Table 2.2 – Changes to the Welsh Government Fiscal Resource DEL**

<b>FISCAL</b>						
<b>OLD MAIN EXPENDITURE GROUPS (MEGs)</b>	<b>£000s</b>			<b>NEW MAIN EXPENDITURE GROUPS (MEGs)</b>	<b>£000s</b>	
	<b>2016-17 Final Budget</b>	<b>2016-17 Portfolio Changes</b>	<b>Restated 2016-17 Final Budget</b>		<b>2016-17 Other Changes</b>	<b>2016-17 Supplementary Budget New Plans June 2016</b>
Health and Social Services	6,561,238	10,954	6,572,192	Health, Well-being and Sport	0	6,572,192
Local Government	3,347,302	-14,067	3,333,235	Local Government	0	3,333,235
Communities and Tackling Poverty	333,592	24,039	357,631	Communities and Children	0	357,631
Economy, Science & Transport	470,956	124,439	595,395	Economy and Infrastructure	1,500	596,895
Education and Skills	1,473,879	-145,365	1,328,514	Education	10,000	1,338,514
Natural Resources	274,420	-1,460	272,960	Environment and Rural Affairs	2,300	275,260
Central Services and Administration	284,377	1,460	285,837	Central Services and Administration	7,700	293,537
<b>Total Allocation to Welsh Government</b>	<b>12,745,764</b>	<b>0</b>	<b>12,745,764</b>	<b>Total Allocation to Welsh Government</b>	<b>21,500</b>	<b>12,767,264</b>

**Table 2.3 – Changes to the Welsh Government Non-Fiscal Resource DEL**

<b>NON-FISCAL</b>						
<b>OLD MAIN EXPENDITURE GROUPS (MEGs)</b>	<b>£000s</b>			<b>NEW MAIN EXPENDITURE GROUPS (MEGs)</b>	<b>£000s</b>	
	<b>2016-17 Final Budget</b>	<b>2016-17 Portfolio Changes</b>	<b>Restated 2016-17 Final Budget</b>		<b>2016-17 Other Changes</b>	<b>2016-17 Supplementary Budget New Plans June 2016</b>
Health and Social Services	170,000	779	170,779	Health, Well-being and Sport	0	170,779
Local Government	400	0	400	Local Government	0	400
Communities and Tackling Poverty	0	0	0	Communities and Children	0	0
Economy, Science & Transport	116,677	-779	115,898	Economy and Infrastructure	0	115,898
Education and Skills	106,931	0	106,931	Education	0	106,931
Natural Resources	3,340	0	3,340	Environment and Rural Affairs	0	3,340
Central Services and Administration	16,000	0	16,000	Central Services and Administration	0	16,000
<b>Total Allocation to Welsh Government</b>	<b>413,348</b>	<b>0</b>	<b>413,348</b>	<b>Total Allocation to Welsh Government</b>	<b>0</b>	<b>413,348</b>

**Table 2.4 – Changes to the Welsh Government Capital DEL**

OLD MAIN EXPENDITURE GROUPS (MEGs)	£000s			NEW MAIN EXPENDITURE GROUPS (MEGs)	£000s	
	2016-17 Final Budget	2016-17 Portfolio Changes	Restated 2016-17 Final Budget		2016-17 Other Changes	2016-17 Supplementary Budget New Plans June 2016
Health and Social Services	273,031	345	273,376	Health, Well-being and Sport	0	273,376
Local Government	22,920	-2,639	20,281	Local Government	0	20,281
Communities and Tackling Poverty	373,731	2,639	376,370	Communities and Children	0	376,370
Economy, Science & Transport	401,114	-345	400,769	Economy and Infrastructure	500	401,269
Education and Skills	175,768	0	175,768	Education	0	175,768
Natural Resources	98,815	0	98,815	Environment and Rural Affairs	8,485	107,300
Central Services and Administration	11,520	0	11,520	Central Services and Administration	0	11,520
<b>Total Allocation to Welsh Government</b>	<b>1,356,899</b>	<b>0</b>	<b>1,356,899</b>	<b>Total Allocation to Welsh Government</b>	<b>8,985</b>	<b>1,365,884</b>



**2.2** An overview of the changes to the baselines is provided below and details of changes in Ministerial responsibilities and allocations from Reserves can be found in sections 3 and 4 respectively.

## **Adjustments to Resource Baselines**

### **Fiscal Resource DEL**

**2.3** The Fiscal Resource DEL baseline has increased by a net amount of £73,841k including:

- An increase of £20,051k as a result of consequential received from the UK Government, arising from the 2016 Budget; and
- An increase of £42,549k resulting from the refund of cuts to the 2015-16 fiscal resource budget, the impact of which was taken by the Welsh Government in 2015-16.

### **Intergovernmental Transfers**

**2.4** There were also a number of adjustments to our Fiscal Resource DEL in respect of intergovernmental transfers, which reflect changes in governmental responsibilities. These adjustments comprise:

- A transfer in of £5,746k from the Home Office in respect of the Immigration Health Surcharge; and
- A transfer in of £5,495k from the Home Office in respect of the Police Settlement.

### **Non-Fiscal Resource DEL**

**2.5** The Non-Fiscal Resource DEL baseline has reduced by £37,259k as a result of UK Government decisions.

## Adjustments to Capital Baselines

### Capital DEL

**2.6** The Capital DEL baseline has increased by a net amount of £12,600k comprising:

- An increase of £5,206k as a result of consequentials received from the UK Government, arising from the 2016 Budget; and
- An increase of £7,394k resulting from the refund of cuts to the 2015-16 capital budget, the impact of which was taken by the Welsh Government in 2015-16.

### Financial Transactions

**2.7** There are no changes to the funding ring-fenced for financial transactions.

### 3. DEL Adjustments within Ministerial Portfolios

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**3.1** This section details the transfers between MEGs resulting from the changes in Ministerial portfolios and responsibilities. The tables illustrate the impact of these movements on the DEL budgets for 2016-17.

#### Transfers between Ministerial Portfolios

##### 3.2 Health, Well-being and Sport MEG

The Health, Well-being and Sport MEG includes the majority of the former Health and Social Services MEG, including the delivery of NHS services. In addition, budgets for Sports and Active Travel transfer in from the former Economy, Science and Transport MEG. Advocacy Services and the Children and Family Court Advisory and Support Service (CAFCASS) budgets transfer out to the new Communities and Children MEG.

Movements		Fiscal Resource	Non-Fiscal Resource	Capital	TOTAL	Description
<b>Health and Social Services Total</b>		<b>6,561,238</b>	<b>170,000</b>	<b>273,031</b>	<b>7,004,269</b>	<b>Old MEG</b>
+	Economy, Science and Transport	21,826	779	345	22,950	Sports
+	Economy, Science and Transport	350	0	0	350	Active Travel
-	Communities and Children	-1,060	0	0	-1,060	Advocacy
-	Communities and Children	-10,162	0	0	-10,162	CAFCASS
<b>Health, Well-being and Sport Total</b>		<b>6,572,192</b>	<b>170,779</b>	<b>273,376</b>	<b>7,016,347</b>	<b>New MEG</b>
Net movement between Old and New MEG Structure		10,954	779	345	12,078	

### 3.3 Local Government MEG

The Local Government MEG retains most of the budgets of the former Local Government MEG, which includes Local Government Funding and Local Government Reform. However budgets for Safer Communities transfer out to the new Communities and Children MEG.

Movements		Fiscal Resource	Non-Fiscal Resource	Capital	TOTAL	Description
<b>Local Government Total</b>		<b>3,347,302</b>	<b>400</b>	<b>22,920</b>	<b>3,370,622</b>	<b>Old MEG</b>
-	Communities and Children	-14,067	0	-2,639	-16,706	Safer Communities
<b>Local Government Total</b>		<b>3,333,235</b>	<b>400</b>	<b>20,281</b>	<b>3,353,916</b>	<b>New MEG</b>
Net movement between Old and New MEG Structure		-14,067	0	-2,639	-16,706	

### 3.4 Communities and Children MEG

The Communities and Children MEG includes the delivery of Communities First, Families First and Welfare Reform which formed part of the former Communities and Tackling Poverty MEG . In addition the budgets for Advocacy Services and CAF/CASS transfer from the former Health and Social Services MEG, and Safer Communities from the former Local Government MEG. Responsibility for Digital Inclusion transfers out to the new Economy and Infrastructure MEG.

Movements		Fiscal Resource	Non-Fiscal Resource	Capital	TOTAL	Description
<b>Communities and Tackling Poverty Total</b>		<b>333,592</b>	<b>0</b>	<b>373,731</b>	<b>707,323</b>	<b>Old MEG</b>
+	Health and Social Services	1,060	0	0	1,060	Advocacy
+	Health and Social Services	10,162	0	0	10,162	CAFCASS
+	Local Government	14,067	0	2,639	16,706	Safer Communities
-	Economy and Infrastructure	-1,250	0	0	-1,250	Digital Inclusion
<b>Communities and Children Total</b>		<b>357,631</b>	<b>0</b>	<b>376,370</b>	<b>734,001</b>	<b>New MEG</b>
Net movement between Old and New MEG Structure		24,039	0	2,639	26,678	

### 3.5 Economy and Infrastructure MEG

The Economy and Infrastructure MEG includes budgets for Roads, Transport Policy and the promotion of Wales. Digital Inclusion budgets transfer from the former Communities and Tackling Poverty MEG. The budgets for Skills transfer from the former Education and Skills MEG. Sports and Active Travel transfer out to the new Health, Well-being and Sport MEG.

Movements		Fiscal Resource	Non-Fiscal Resource	Capital	TOTAL	Description
<b>Economy, Science and Transport Total</b>		<b>470,956</b>	<b>116,677</b>	<b>401,114</b>	<b>988,747</b>	<b>Old MEG</b>
+	Communities and Tackling Poverty	1,250	0	0	1,250	Digital Inclusion
+	Education and Skills	111,308	0	0	111,308	Work Based Learning
+	Education and Skills	648	0	0	648	Delivery Support
+	Education and Skills	10,249	0	0	10,249	Youth Engagement and Employment
+	Education and Skills	312	0	0	312	Qualifications
+	Education and Skills	22,848	0	0	22,848	Employment and Skills
-	Health, Well-being and Sport	-21,826	-779	-345	-22,950	Sports
-	Health, Wellbeing and Sport	-350	0	0	-350	Active Travel
<b>Economy and Infrastructure Total</b>		<b>595,395</b>	<b>115,898</b>	<b>400,769</b>	<b>1,112,062</b>	<b>New MEG</b>
Net movement between Old and New MEG Structure		124,439	-779	-345	123,315	

### 3.6 Education MEG

The Education MEG retains most of the budgets of the former Education and Skills MEG, which includes School Governance, funding of schools and Higher Education. The budgets for a range of services relating to skills have transferred out to the new Economy and Infrastructure MEG.

Movements		Fiscal Resource	Non-Fiscal Resource	Capital	TOTAL	Description
<b>Education and Skills Total</b>		<b>1,473,879</b>	<b>106,931</b>	<b>175,768</b>	<b>1,756,578</b>	<b>Old MEG</b>
-	Economy and Infrastructure	-111,308	0	0	-111,308	Work Based Learning
-	Economy and Infrastructure	-648	0	0	-648	Delivery Support
-	Economy and Infrastructure	-10,249	0	0	-10,249	Youth Engagement and Employment
-	Economy and Infrastructure	-312	0	0	-312	Qualifications
-	Economy and Infrastructure	-22,848	0	0	-22,848	Employment and Skills
<b>Education Total</b>		<b>1,328,514</b>	<b>106,931</b>	<b>175,768</b>	<b>1,611,213</b>	<b>New MEG</b>
Net movement between Old and New MEG Structure		-145,365	0	0	-145,365	

### 3.7 Environment and Rural Affairs MEG

The Environment and Rural Affairs MEG includes the majority of the budgets of the former Natural Resources MEG which includes Natural Resources Management. However, the funding of the Future Generations Commissioner for Wales transfers out to the Central Services and Administration MEG.

Movements		Fiscal Resource	Non-Fiscal Resource	Capital	TOTAL	Description
<b>Natural Resources Total</b>		<b>274,420</b>	<b>3,340</b>	<b>98,815</b>	<b>376,575</b>	<b>Old MEG</b>
-	Central Services and Administration	-1,460	0	0	-1,460	Future Generations Commissioner for Wales
<b>Environment and Rural Affairs Total</b>		<b>272,960</b>	<b>3,340</b>	<b>98,815</b>	<b>375,115</b>	<b>New MEG</b>
Net movement between Old and New MEG Structure		-1,460	0	0	-1,460	

### 3.8 Central Services and Administration MEG

The Central Services and Administration MEG retains all its existing responsibilities which includes Departmental Running Costs and programmes. The Future Generations Commissioner for Wales budget transfers in from the former Natural Resources MEG.

Movements		Fiscal Resource	Non-Fiscal Resource	Capital	TOTAL	Description
<b>Central Services and Administration Total</b>		<b>284,377</b>	<b>16,000</b>	<b>11,520</b>	<b>311,897</b>	<b>Old MEG</b>
+	Environment and Rural Affairs	1,460	0	0	1,460	Future Generations Commissioner for Wales
<b>Central Services and Administration Total</b>		<b>285,837</b>	<b>16,000</b>	<b>11,520</b>	<b>313,357</b>	<b>New MEG</b>
Net movement between Old and New MEG Structure		<b>1,460</b>	<b>0</b>	<b>0</b>	<b>1,460</b>	



## 4. Allocations from Reserves

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**4.1** In addition to the baseline and main portfolio changes detailed in sections 2 and 3 above this Supplementary Budget contains a number of allocations from Reserves, which are in line with announcements made by the previous Welsh Government.

### Allocations from Fiscal Reserves

- 4.2** The following allocations have been made from fiscal reserves:
- Education: Higher Education Funding Council for Wales £10,000k;
  - Environment and Rural Affairs: Flood defence consequentials £2,300k;
  - Economy and Infrastructure: Business Rate Relief Port Talbot Enterprise Zone £1,500k; and
  - Central Services and Administration: Election costs £7,700k.

### Allocations from Capital Reserves

- 4.3** The following allocations have been made from capital reserves:
- Environment and Rural Affairs: Flood and Coastal Risk Management Scheme £5,000k;
  - Environment and Rural Affairs: Tal-y-bont Flood Alleviation Scheme £985k;
  - Environment and Rural Affairs: Brecon and Monmouthshire Canal £2,500k; and
  - Economy and Infrastructure: Drainage improvement on the A55 £500k.

### Intergovernmental Transfers

**4.4** The budget also contains adjustments to the Wales DEL as a result of consequentials from the UK government and transfers with the Home Office totalling £49,182k. They comprise:

- An increase of £73,841k in fiscal resource;
- An increase of £12,600k in capital; and
- A decrease £37,259k in non-fiscal resource.

Details of these intergovernmental adjustments can be found in section 2 above.

Table 4.1 below reflects the movements on Reserves:

**Table 4.1 - Changes to the 2016-17 Reserves since Final Budget and the Allocations from Reserves being made in this Supplementary Budget**

	£000s				
	Fiscal Resource DEL	Non-Fiscal Resource DEL	Total Resource DEL	Capital DEL	Total DEL
<b>Reserves at Final Budget</b>	<b>217,718</b>	<b>209,871</b>	<b>427,589</b>	<b>173,747</b>	<b>601,336</b>
Transfers & Consequentials since Final Budget	73,841	-37,259	36,582	12,600	49,182
<b>Revised Reserves</b>	<b>291,559</b>	<b>172,612</b>	<b>464,171</b>	<b>186,347</b>	<b>650,518</b>
<b>Agreed Allocations:</b>					
Higher Education Funding Council for Wales	10,000	0	10,000	0	10,000
Election Costs	7,700	0	7,700	0	7,700
Flood Coastal Risk Management Programme	0	0	0	5,000	5,000
Brecon & Monmouthshire Canal	0	0	0	2,500	2,500
Flooding	2,300	0	2,300	0	2,300
Business Rate Relief Scheme	1,500	0	1,500	0	1,500
Talybont Flood Alleviation	0	0	0	985	985
A55 Drainage	0	0	0	500	500
<b>Reserves after Allocations</b>	<b>270,059</b>	<b>172,612</b>	<b>442,671</b>	<b>177,362</b>	<b>620,033</b>

## 5. Adjustments to Annually Managed Expenditure (AME) Budgets

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**5.1** AME budgets detailed in this Supplementary Budget reflect the latest forecasts provided to HM Treasury. Adjustments made since the Final Budget was approved comprise:

- A decrease of £24,593k in the Local Government AME budget as a result of the portfolio changes and the transfer out of the Fire Service Pensions to the Communities and Children MEG.
- An increase in the Communities and Children MEG AME budget of £32,627k comprising:
  - An increase of £24,593k as a result of the portfolio changes and the transfer in of the Fire Service Pensions from the Local Government MEG; and
  - An increase of £8,034k to reflect the latest forecasts for the Fire Service Pensions.
- An increase of £1,880k in the Economy and Infrastructure AME budget to reflect latest forecasts for the impairment of the roads network.
- A decrease of £27,296k in the Education AME budget to reflect the latest Student Loans forecasts comprising:
  - An increase in Resource AME of £8,229k; and
  - A decrease in Capital AME of £35,525k; and
- A decrease of £500k in the Environment and Rural Affairs AME budget to reflect the latest forecasts for the pensions in respect of Natural Resources Wales.

Tables 5.1 below sets out the net impact of all the AME changes listed above.

**Table 5.1 – Wales AME Budget**

OLD MAIN EXPENDITURE GROUPS (MEGs)	£000s			NEW MAIN EXPENDITURE GROUPS (MEGs)	£000s	
	2016-17 Final Budget	2016-17 Portfolio Changes	Restated 2016-17 Final Budget		2016-17 Other Changes	2016-17 Supplementary Budget New Plans June 2016
Health and Social Services	135,400	0	135,400	Health, Well-being and Sport	0	135,400
Local Government	1,001,593	-24,593	977,000	Local Government	0	977,000
Communities and Tackling Poverty	0	24,593	24,593	Communities and Children	8,034	32,627
Economy, Science & Transport	37,967	0	37,967	Economy and Infrastructure	1,880	39,847
Education and Skills	370,199	0	370,199	Education	-27,296	342,903
Natural Resources	2,900	0	2,900	Environment and Rural Affairs	-500	2,400
Central Services and Administration	2,652	0	2,652	Central Services and Administration	0	2,652
<b>Total Allocation to Welsh Government</b>	<b>1,550,711</b>	<b>0</b>	<b>1,550,711</b>	<b>Total Allocation to Welsh Government</b>	<b>-17,882</b>	<b>1,532,829</b>

## Annex 1 – Reconciliation between the Welsh Block Budget and Resource Allocations in the Budget Motion

This document supports the Supplementary Budget Motion, which sets out the changes to both the resources that the Welsh Government is proposing to use in 2016-17 and the cash it is seeking authority to draw from the Welsh Consolidated Fund. The tables within this report show budgets on an administrative basis, whereas the figures in the Supplementary Budget Motion are on a resource basis.

The Welsh Government's administrative budget contains a number of items which are scored outside the accounts of the Welsh Government and therefore do not score as part of the Resources Required by Welsh Ministers. This Annex reconciles the administrative and resource budgets of each Main Expenditure Group.

### Health, Well-being and Sport

	£000s 2016-17
<b>DEL</b>	
Resource	6,742,971
Capital	273,376
<b>AME</b>	
Resource	135,400
Capital	0
<b>TME</b>	<b>7,151,747</b>
<b>Reconciliation to Resources</b>	
Resource Consumption of WGSBs and NHS bodies	-236,179
Supported Borrowing	-3,602
National Insurance Fund Receipts (and collection costs)	-1,141,093
<b>Resources requested</b>	<b>5,770,873</b>

## Local Government

	£000s 2016-17
<b>DEL</b>	
Resource	3,333,635
Capital	20,281
<b>AME</b>	
Resource	977,000
Capital	0
<b>TME</b>	<b>4,330,916</b>
<b>Reconciliation to Resources</b>	
National Non Domestic Rates payable (and collection costs)	-982,172
Resource Consumption of WGSBs	-400
<b>Resources requested</b>	<b>3,348,344</b>

## Communities and Children

	£000s 2016-17
<b>DEL</b>	
Resource	357,631
Capital	376,370
<b>AME</b>	
Resource	32,627
Capital	0
<b>TME</b>	<b>766,628</b>
<b>Reconciliation to Resources</b>	
Supported Borrowing	-31,340
<b>Resources requested</b>	<b>735,288</b>

## Economy and Infrastructure

	£000s 2016-17
<b>DEL</b>	
Resource	712,793
Capital	401,269
<b>AME</b>	
Resource	39,847
Capital	0
<b>TME</b>	<b>1,153,909</b>
<b>Reconciliation to Resources</b>	
Resource Consumption of WGSBs	-5,502
Supported Borrowing	-10,336
Direct Charges on the Welsh Consolidated Fund	-1,655
PFI	-8,244
<b>Resources requested</b>	<b>1,128,172</b>

## Education

	£000s 2016-17
<b>DEL</b>	
Resource	1,445,445
Capital	175,768
<b>AME</b>	
Resource	-71,147
Capital	414,050
<b>TME</b>	<b>1,964,116</b>
<b>Reconciliation to Resources</b>	
Resource Consumption of WGSBs	-6,082
Supported Borrowing	-33,781
<b>Resources requested</b>	<b>1,924,253</b>



## Environment and Rural Affairs

	£000s 2016-17
<b>DEL</b>	
Resource	278,600
Capital	107,300
<b>AME</b>	
Resource	2,400
Capital	0
<b>TME</b>	<b>388,300</b>
<b>Reconciliation to Resources</b>	
Resource Consumption of WGSBs	-5,490
Supported Borrowing	-9,741
<b>Resources requested</b>	<b>373,069</b>

## Central Services and Administration

	£000s 2016-17
<b>DEL</b>	
Resource	309,537
Capital	11,520
<b>AME</b>	
Resource	2,652
Capital	0
<b>TME</b>	<b>323,709</b>
<b>Reconciliation to Resources</b>	
Direct Charges on the Welsh Consolidated Fund	-7,700
<b>Resources requested</b>	<b>316,009</b>

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## Annex 2 – Glossary

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<b>Action</b>	<p>Within each Spending Programme Area (SPA), budgets are allocated to a number of sub-programmes known as Actions. Tables showing budgets at Action level are available at:</p> <p><a href="http://www.wales.gov.uk/budget">www.wales.gov.uk/budget</a></p>
<b>Ambits</b>	<p>Descriptions of the specific purposes for which Welsh Ministers are authorised by the National Assembly for Wales to spend resources. Ambit Descriptions and resource limits are contained within the Annual Budget Motion. Ambits correspond to MEGs.</p>
<b>Annually Managed Expenditure (AME)</b>	<p>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.</p>
<b>Budget Motion</b>	<p>The means by which the National Assembly for Wales 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.</p>
<b>Budget Exchange System</b>	<p>The system under which the Welsh Government is able to carry forward underspends, up to an agreed cap. The agreed cap is 0.6% of our Resource DEL budget and 1.5% of our Capital DEL budget.</p>
<b>Capital</b>	<p>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.</p>
<b>Departmental Expenditure Limit (DEL)</b>	<p>The multi-year budget limit for the Welsh Government set by the HM Treasury. DEL is planned and controlled on a three year basis in Spending Reviews.</p>
<b>Depreciation</b>	<p>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.</p>

<b>Direct Charges on the Welsh Consolidated Fund</b>	Expenditure which is legally required to be charged directly to the Welsh Consolidated Fund and therefore does not score against the budgets of the Welsh Government or any other body. Direct Charges include the remuneration of the Presiding Officer and Auditor General.
<b>Financial Transactions</b>	Financial transactions are not traditional capital grants and can only be used for loans and equity purposes. A proportion of the funding also has to be repaid to the Exchequer.
<b>Fiscal Resource DEL</b> (previously known as near-cash)	Accruals measures of transactions that normally turn into cash flows soon, for example, pay, current procurement, resource grants and subsidies.
<b>Main Expenditure Group (MEG)</b>	The Welsh Government DEL is divided into a number of Main Expenditure Groups. There are currently 7 MEGs: Health and Social Services; Local Government; Communities and Tackling Poverty; Economy, Science and Transport; Education and Skills; Natural Resources and Central Services and Administration.
<b>Non-Fiscal Resource DEL</b> (previously known as non-cash)	Accruals measures included in budgets to ensure they reflect the full economic cost of activities even though there is not a direct link to cash flows in the relevant period - for example, depreciation and provisions. Non-fiscal resource DEL cannot be used to fund fiscal resource DEL spending.
<b>Receipts</b>	Some areas of Welsh Government activity generate income, for example, through the sale or rental of assets. These are represented in the budget as negative figures.
<b>Resource budgeting</b>	The Welsh Government's budget is set on a resource basis derived from accruals information. Accruals information measures resources as they are consumed rather than when the cash is paid. So, for example, resource budgeting includes a charge for depreciation, a measure of the consumption or wearing out of capital assets.
<b>Resource</b> (previously known as revenue)	Current expenditure, for example, funding for the pay of public sector workers and to purchase consumable goods and services.
<b>Results Based Accountability (RBA)</b>	Results Based Accountability is an outcomes-based planning methodology. It seeks to focus attention on results rather than activity. RBA is often used to develop outcome indicators and performance measures for an area and seeks to clarify accountability structures.

<b>Spending Programme Area (SPA)</b>	Within each MEG, budgets are allocated to Spending Programme Areas according to the kind of services they will deliver.
<b>Spending Review</b>	Every two or three years HM Treasury reviews expenditure for each UK Government Department and sets budgets for the forthcoming three years. Budgets for the devolved administrations are derived from these budgets via the Barnett formula, which is a mechanism used by HM Treasury to calculate public expenditure allocated to Wales to reflect changes in spending levels allocated to public services in England.
<b>Total Managed Expenditure (TME)</b>	The total Departmental Expenditure Limit plus Annually Managed Expenditure.
<b>Welsh Consolidated Fund</b>	The account into which the money voted by the UK Parliament for use by the Welsh Government, the Assembly Commission, the Auditor General, and the Public Services Ombudsman for Wales is paid.
<b>WGSB</b>	Welsh Government Sponsored Body.