



Llywodraeth Cymru
Welsh Government

WELSH GOVERNMENT

Supplementary Budget

2023-2024

Explanatory Note

February 2024

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1. Introduction

- 1.1** The Welsh Government today tabled the second supplementary budget for 2023-24 in accordance with Standing Order 20. This supplementary budget proposes changes to the First Supplementary Budget for 2023-24 as approved by Senedd Cymru ('the Senedd') on 4 July 2023.
- 1.2** This supplementary budget regularises allocations to and from reserves, transfers within and between portfolios and includes adjustments to the Wales budget to reflect the impact of UK Government fiscal events.
- 1.3** The changes proposed in this budget are summarised in the following chapters.
- 1.4** This document supports the detailed 'Budget Expenditure Line (BEL) Tables' available on the Welsh Government's website.

2. Key Allocations

- 2.1** This supplementary budget contains two main sets of changes – those [announced](#) by the Minister for Finance and Local Government on 17 October 2023 and some additional allocations and changes made during the 2023-24 financial year.
- 2.2** Following the changes announced in October, an updated addendum to the Welsh Government’s Strategic Integrated Impact Assessment was [published](#).

Health and Social Services

- 2.3** In October, **£425m** was allocated to the Health and Social Services MEG with further details set out in the Minister for Health and Social Services’ [statement](#) on 8 November.
- 2.4** An additional **£59m** has been allocated in this supplementary budget to reflect the forecast deficit of the Health and Social Services MEG. Current forecasts from NHS bodies indicate that although there are significant improvements with four of the seven Local Health Boards forecasting to hit their target deficits, the others will fall short of the targets set in November. Their position has been partly offset by further opportunities and savings identified by the Minister for Health and Social Services from within her portfolio. This allocation is made on a one-off basis and will be held within the MEG rather than allocated to organisations not meeting target deficits.
- 2.5** An allocation of **£95m** is regularised in this budget in respect of the backdated Recovery Payment element of the [pay offer](#) made to Agenda for Change staff on 20 April 2023.
- 2.6** **£10m** capital has been provided to support a range of equipment and digital requests across the various Health Boards and Trusts.

Climate Change

- 2.7** This budget regularises an allocation of **£82m** revenue to the Climate Change MEG to support provision of an additional £125m for Transport for Wales announced in October as it continues to manage increased costs.
- 2.8** An allocation of **£34m** capital to support the Core Valleys Line and **£15m** to support maintenance and other capital works on roads and structures within the Wales trunk road network is also made in this supplementary budget.

Education and the Welsh Language

- 2.9** A capital allocation of **£12.56m** has been made to the Education and the Welsh Language MEG to address interim Reinforced Autoclaved Aerated Concrete (RAAC) mitigation works in [five schools and three colleges](#) and to address the capital maintenance and associated health and safety pressures across schools and colleges in Wales. The funding will assist in managing financial pressures on Local Authorities FE Institutions and will have a positive impact on school and college budgets.

3. Changes to the Wales Budget since 1st Supplementary Budget 2023-24

3.1 Tables 3.1 to 3.4 set out the net impact of all the changes to the Welsh budget. Table 3.5 summarises the total allocations by MEG.

Table 3.1 – Sources of Finance for Welsh Government

COMPONENTS OF WELSH GOVERNMENT FINANCING	2023-24 Supplementary Budget June 2023	Changes	2023-24 Supplementary Budget New Plans February 2024
	£000s	£000s	£000s
RESOURCE FINANCING			
Departmental Expenditure Limit (DEL):			
Fiscal	15,988,285	464,988	16,453,273
Non-Fiscal	1,803,254	-606,423	1,196,831
Drawdown from the Wales Reserve	65,962	199,094	265,056
Annually Managed Expenditure (AME):			
Fiscal	24,546	6,434	30,980
Non-Fiscal	-253,870	956,572	702,702
Wales Devolved Financing:			
Non-Domestic Rates	906,000	0	906,000
Welsh Rate of Income Tax ^{Note}	2,765,500	0	2,765,500
Land Transaction Tax	312,344	0	312,344
Landfill Disposals Tax	40,802	0	40,802
Principal repayment of borrowing	-4,454	0	-4,454
TOTAL RESOURCE FINANCING	21,648,369	1,020,665	22,669,034
CAPITAL FINANCING			
Departmental Expenditure Limit (DEL):			
General	3,053,899	-21,937	3,031,962
Drawdown from the Wales Reserve	0	47,230	47,230
Financial Transactions	92,762	-5,500	87,262
Drawdown from the Wales Reserve	0	37,420	37,420
Annually Managed Expenditure (AME):			
Capital	1,386,950	-21,766	1,365,184
Wales Devolved Financing:			
Borrowing	150,000	0	150,000
TOTAL CAPITAL FINANCING	4,683,611	35,447	4,719,058
TOTAL WELSH FINANCING	26,331,980	1,056,112	27,388,092

Note

Includes reconciliation amount for 2021-22 outturn in 2023-24

Table 3.2 – Allocation of the Wales Budget

MAIN EXPENDITURE GROUPS (MEGs)		£000s		
		2023-24 Supplementary Budget June 2023	Changes	2023-24 Supplementary Budget New Plans February 2024
Health and Social Services		11,131,935	766,780	11,898,715
Finance and Local Government		6,086,118	-19,059	6,067,059
Education and The Welsh Language		3,471,020	120,417	3,591,437
Climate Change		3,336,898	434,536	3,771,434
Economy		595,146	-23,508	571,638
Rural Affairs		447,684	-40,450	407,234
Social Justice		181,032	7,798	188,830
Central Services and Administration		365,650	-16,520	349,130
Total Allocation to Welsh Government MEGs		25,615,483	1,229,994	26,845,477
Unallocated Resource	Fiscal Resource	60,095	124,690	184,785
	Non-Fiscal Resource	661,975	-465,962	196,013
	General Capital	-61,047	131,778	70,731
	Financial Transactions	-28,335	35,552	7,217
Senedd Commission		67,208	0	67,208
Public Services Ombudsman for Wales ^{Note 1}		5,963	-108	5,855
Wales Audit Office ^{Note 2}		8,452	94	8,546
Electoral Commission ^{Note 3}		1,414	54	1,468
Direct Charges to the Welsh Consolidated Fund		772	20	792
TOTAL WELSH BUDGET		26,331,980	1,056,112	27,388,092

Notes

1. A supplementary budget for 2023-24 was presented to the Finance Committee by the Public Service Ombudsman for Wales (PSOW) in January 2024. It reported a decrease in its fiscal resource of £108k.

2. A supplementary budget for 2023-24 was presented to the Finance Committee by the Wales Audit Office in June 2023. It reported an increase of £94k in its general capital.
3. A supplementary estimate for 2023-24 was submitted by The Electoral Commission to Llywydd's Committee in September 2023. It reported an increase in its fiscal resource of £54k.

Table 3.3 – Changes to the Welsh Government MEG Resource Allocations

MAIN EXPENDITURE GROUPS (MEGs)	£000s					
	FISCAL			NON-FISCAL		
	2023-24 Supplementary Budget June 2023	Changes	2023-24 Supplementary Budget New Plans February 2024	2023-24 Supplementary Budget June 2023	Changes	2023-24 Supplementary Budget New Plans February 2024
Health and Social Services	10,129,185	614,790	10,743,975	303,359	11,170	314,529
Finance and Local Government	4,900,216	-47,537	4,852,679	545	58	603
Education and The Welsh Language	1,816,743	-58,242	1,758,501	491,837	-261,929	229,908
Climate Change	899,605	91,403	991,008	292,575	109,837	402,412
Economy	440,129	-27,521	412,608	17,234	3,429	20,663
Rural Affairs	376,667	-17,250	359,417	10,817	-3,000	7,817
Social Justice	139,237	303	139,540	255	-26	229
Central Services and Administration	331,449	-16,520	314,929	18,604	0	18,604
Total Allocation to Welsh Government MEGs	19,033,231	539,426	19,572,657	1,135,226	-140,461	994,765

Table 3.4 – Changes to the Welsh Government MEG Capital Allocations

MAIN EXPENDITURE GROUPS (MEGs)	£000s					
	GENERAL CAPITAL			FINANCIAL TRANSACTIONS		
	2023-24 Supplementary Budget June 2023	Changes	2023-24 Supplementary Budget New Plans February 2024	2023-24 Supplementary Budget June 2023	Changes	2023-24 Supplementary Budget New Plans February 2024
Health and Social Services	478,048	40,895	518,943	0	0	0
Finance and Local Government	278,904	28,420	307,324	0	0	0
Education and The Welsh Language	357,300	-24,040	333,260	14,886	4,443	19,329
Climate Change	1,978,471	-105,129	1,873,342	108,770	0	108,770
Economy	81,811	-22,612	59,199	-2,553	-13,075	-15,628
Rural Affairs	60,200	-20,200	40,000	0	0	0
Social Justice	17,000	-3,913	13,087	-6	5,000	4,994
Central Services and Administration	12,397	0	12,397	0	0	0
Total Allocation to Welsh Government MEGs	3,264,131	-106,579	3,157,552	121,097	-3,632	117,465

- 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 £664,082k comprising:
- A drawdown from the Wales Reserve of £199,094k;
 - An increase from Barnett consequentials totalling £363,639k and comprising:
 - £132,737k in respect of funding announced in the UK Autumn Budget 2023; and
 - £230,902k received at the UK Government's Supplementary Estimates in February 2024;
 - An increase of £18,585k as a result of a switch from general capital;
 - A decrease of £43,902k due to a carry forward of funding into 2024-25 outside of the Wales Reserve;
 - Transfers in totalling £49,165k from the Department for Health and Social Care (DHSC) comprising:
 - £48,268k in respect of the UK Four Nations Fund;
 - £597k in respect of HIV Infected Blood; and
 - £300k in respect of Infected Blood Interim Compensation Payments;
 - A transfer in of £37,603k from the Home Office in respect of the balance due for 2023-24 for the Immigration Health Surcharge;
 - Transfers in totalling £16,724k from the Department for Levelling Up, Housing and Communities (DLUHC) comprising:
 - £8,220k in respect of the Ukraine Fund;
 - £7,806k in respect of the Ukraine Refugee General Tariff;
 - £600k in respect of Freeports;
 - £49k in respect of the Hong Kong Welcome Programme; and

- £49k in respect of the Children and Young People Resettlement Fund;
- A transfer in of £9,735k from HM Treasury (HMT) regarding prior year amounts for the Immigration Health Surcharge;
- A transfer in of £9,400k in respect of IFRS16 changes;
- Transfers in totalling £4,013k from the Ministry of Justice comprising:
 - £3,738k in respect of Offender Learning; and
 - £275k in respect of the Shared Outcomes Fund;
- A Transfer in of £1,164k from HMT in respect of Borders funding;
- A transfer in of £1,068k from HMT in respect of Financial Advice Services;
- A transfer in of £139k from HMT in respect of a cash management rebate;
- A transfer in of £125k from HM Revenue and Customs in respect of Financial Advice Services; and
- A net decrease of £2,470k in the block grant adjustment.

Non-Fiscal Resource

3.4 Since the First Supplementary Budget the non-fiscal resource baseline has decreased by a net amount of £606,423k, comprising an increase of £47,487k in general depreciation and a decrease of £653,910k due to a change in Student Loans. The changes took place at the UK Government's Supplementary Estimates in February 2024.

Wales Devolved Financing

3.5 Devolved tax income has remained unchanged since the first supplementary budget, at £3,118,646k.

The amount required to repay principal borrowing has also remained unchanged at £4,454k.

General Capital

3.6 The general capital baseline has increased by a net amount of £25,293k since the First Supplementary Budget, comprising:

- An increase from Barnett consequentials totalling £7,905k received at the UK Government's Supplementary Estimates in February 2024;
- A decrease of £18,585k as a result of a switch to fiscal resource;
- A decrease of £40,265k in respect of a capital surrender relating to IFRS16;
- A drawdown from the Wales Reserve of £47,230k.
- A net increase in non-Barnett additions of £17,397k in respect of funding for City and Growth Deals;
- £8,255k from HMT in respect of Borders funding;
- £3,400k from the Department for Science, Innovation and Technology in respect of the Regional Innovation Fund pilot; and
- A transfer out to the Department for Digital, Culture, Media and Sport (DCMS) of £44k in respect of the National Heritage Memorial Fund.

Financial Transactions Capital

3.7 There has been a net increase in the financial transaction baseline of £31,920k since the First Supplementary Budget comprising:

- A drawdown from the Wales Reserve of £37,420k; and
- Net negative consequentials totalling £5,500k deducted at the UK Government's Supplementary Estimates in February 2024.

Table 3.5 – Summary of the Welsh Government MEG Total Allocations

2023-24 TOTAL MEG ALLOCATIONS as per SUPPLEMENTARY BUDGET										
£000s										
MAIN EXPENDITURE GROUPS (MEGs)	Resource			Capital			AME			TOTAL MEG ALLOCATION
	Fiscal	Non-Fiscal	Resource Total	General	Financial Transactions	Capital Total	Resource	Capital	AME Total	
Health and Social Services	10,743,975	314,529	11,058,504	518,943	0	518,943	319,509	1,759	321,268	11,898,715
Finance and Local Government	4,852,679	603	4,853,282	307,324	0	307,324	906,453	0	906,453	6,067,059
Education and The Welsh Language	1,758,501	229,908	1,988,409	333,260	19,329	352,589	-112,958	1,363,397	1,250,439	3,591,437
Climate Change	991,008	402,412	1,393,420	1,873,342	108,770	1,982,112	395,902	0	395,902	3,771,434
Economy	412,608	20,663	433,271	59,199	-15,628	43,571	94,796	0	94,796	571,638
Rural Affairs	359,417	7,817	367,234	40,000	0	40,000	0	0	0	407,234
Social Justice	139,540	229	139,769	13,087	4,994	18,081	30,980	0	30,980	188,830
Central Services and Administration	314,929	18,604	333,533	12,397	0	12,397	3,200	0	3,200	349,130
TOTAL ALLOCATIONS TO WELSH GOVERNMENT MEGs	19,572,657	994,765	20,567,422	3,157,552	117,465	3,275,017	1,637,882	1,365,156	3,003,038	26,845,477

4. Transfers between Ministerial Portfolios

4.1 There have been multiple transfers between Ministerial portfolios in this supplementary budget totalling £19,593k. The net impact of the transfers on each of the MEGs is summarised in the table below:

	Fiscal Resource £'000			Capital £'000		
	To	From	Net Transfers	To	From	Net Transfers
Health and Social Services	0	-13,313	-13,313	377	-346	31
Finance and Local Government	155	0	155	0	-175	-175
Education and The Welsh Language	6,370	-1,022	5,348	0	0	0
Climate Change	0	0	0	346	-4,000	-3,654
Economy	1,042	-515	527	4,000	-202	3,798
Rural Affairs	0	0	0	0	0	0
Social Justice	7,303	0	7,303	0	0	0
Central Services and Administration	0	-20	-20	0	0	0
	14,870	-14,870	0	4,723	-4,723	0

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

Fiscal Resource

4.3 Two transfers totalling £6,010k from the Health and Social Services MEG to the Education and The Welsh Language MEG. These comprise:

- £3,250k from the Other NHS Budgets BEL to the Student Support Grants BEL to support Welsh domiciled non-medical students studying in England; and
- £2,760k from the Education and Training BEL to the HEFCW Programme Expenditure BEL in respect of North Wales medical education.

4.4 The transfer of the Citizen Voice Body BEL and £7,303k from the Health and Social Services MEG to the Social Justice MEG.

General Capital

4.5 A transfer of £4,000k from the Resource Efficiency and Circular Economy BEL within the Climate Change MEG to the Business and Regional Economic Development BEL within the Economy MEG.

5. Transfers within Ministerial Portfolios

5.1 In addition to the transfers between Ministerial Portfolios detailed in chapter 4, there are a number of transfers between BELs within the same portfolios which are included within the published BEL Tables. The MEGs where these transfers exceed £1m are detailed below:

Health and Social Services

5.2 Multiple resource transfers totalling £93,699k have taken place between BELs within the Health and Social Services MEG. In summary, these transfers:

- correctly align the allocations to Local Health Boards; and
- align allocations to fund specific commitments.

Finance and Local Government

5.3 A single capital transfer of £6,100k has been transferred from the Local Government General Capital Funding BEL to the Emergency Financial Assistance BEL within the Finance and Local Government MEG.

Education and The Welsh Language

5.4 Multiple resource transfers totalling £16,574k and capital transfers totalling £5,775k have taken place between BELs within the Education and The Welsh Language MEG as part of a reprioritisation exercise.

Climate Change

5.5 Multiple resource transfers totalling £33,404k have taken place between BELs in the Climate Change MEG as a result of the reprioritisation exercise.

- £31,400k has been transferred to the Transport for Wales BEL including:
 - £26,300k from the Natural Resource Wales BEL;
 - £2,100k from the Building Safety BEL;
 - £1,800k from the Aviation BEL; and
 - £1,150k from the Land Release Fund BEL.

- £1,953k has been transferred into the new Green Infrastructure BEL.

Multiple capital transfers totalling £22,499k have also taken place between BELs within the Climate Change MEG.

- £16,717k has been transferred to the Road Safety BEL due to budget reprioritisation, comprising the following;
 - £10,000k from the Bus Support BEL;
 - £3,365k from the Local Transport Priorities BEL; and
 - £3,352k from the Sustainable and Active Travel BEL.
- £4,028k has been transferred from the Welsh Government Energy Service BEL to the Fuel Poverty Programme BEL to provide additional support to the Warm Homes Programme Nest Scheme.
- £1,754k has been transferred from the Transport for Wales BEL to the Natural Resources for Wales BEL.

Rural Affairs

- 5.6** A single resource transfer of £13,000k has been transferred from the Rural Investment Scheme BEL to the Rural Development Plan 2014-20 BEL within the Rural Affairs MEG.

Social Justice

- 5.7** Multiple resource transfers totalling £3,127k have taken place between BELs within the Social Justice MEG as part of a reprioritisation exercise.
- £1,100k has been transferred from the Financial Inclusion BEL to the Basic Income BEL; and
 - £1,470k has been transferred from the Equality, Inclusion and Human Rights BEL and split between multiple BELs across the MEG.

6. Changes to Reserves

6.1 This budget regularises a number of allocations to and from reserves. A full list can be found in table 6.1.

Allocations from Fiscal Resource Reserves

6.2 Allocations totalling £787,281k have been made from fiscal resource reserves in this supplementary budget. The total for each MEG and details of the significant transfers are outlined below:

- Health and Social Services - £676,178k:
 - £675,006k to the Core NHS Allocations BEL. £579,400k as a result of the in-year savings exercise, £48,268k in respect of the budget cover transfer received from the DHSC for the UK Four Nations Fund and £47,338k in respect of the Immigration Health Surcharge.
- Education and The Welsh Language - £11,138k:
 - £7,400k to the Food & Nutrition in Schools BEL in respect of the free school meals holiday provision; and
 - £3,738k to the Offender Learning BEL in respect of the budget cover transfer received from the Ministry of Justice.
- Climate Change - £91,403k;
 - All to the Transport for Wales BEL.
- Economy - £8,562k:
 - £7,100k to the Borders Control BEL.

Transfers to Fiscal Resource Reserves

6.3 Transfers totalling £247,855k have been made into fiscal resource reserves in this supplementary budget. The total for each MEG and details of the significant transfers are outlined below.

- Health and Social Services - £48,075k

- £47,362k from the Research and Development BEL in respect of a resource to capital switch regarding the reclassification of R&D funding.
- Finance and Local Government - £47,692k
 - £28,494k from multiple BELs relating to the in-year saving exercise
 - £19,198k from multiple BELs in respect of resource to capital switches.
- Education and The Welsh Language - £74,728k from multiple BELs relating to the in-year savings exercise.
- Climate Change - £33,353k from multiple BELs relating to the in-year savings exercise.
- Economy - £36,610k, £36,562k of which relates to the in-year savings exercise.
- Rural Affairs - £17,250k from multiple BELs relating to the in-year savings exercise.
- Social Justice - £7,000k from multiple BELs relating to the in-year savings exercise.
- Central Services and Administration - £16,500k from multiple BELs relating to the in-year savings exercise.

Allocations from Non-Fiscal Resource Reserves

6.4 Allocations totalling £136,619k have been made from non-fiscal resource reserves in this supplementary budget. The largest of which is an allocation of £71,309k to the Climate Change MEG in respect of the roads network.

Transfers to Non-Fiscal Resource Reserves

6.5 Transfers totalling £277,080k have been made into non-fiscal resource reserves in this supplementary budget. £261,929k of which was from the Student Loans Resource Budget Provision BEL within the Education and

The Welsh Language MEG in respect of a change in the calculation of Student Loan allocations by HM Treasury.

Allocations from General Capital Reserves

6.6 Allocations totalling £195,714k have been made from general capital reserves in this supplementary budget. The total for each MEG and details of the significant transfers are outlined below.

- Health and Social Services – £57,362k
 - £47,362k to the Research and Development BEL in respect of a resource to capital switch regarding the reclassification of R&D funding.
 - £10,000k to the Core NHS Allocations BEL to fund NHS equipment and digital requests.
- Finance and Local Government - £54,540k
 - £35,342k to the City and Growth Deals BEL in respect of funding received from HMT; and
 - £19,198k to multiple BELs in respect of resource to capital switches.
- Education and The Welsh Language - £15,960k
 - £12,560k to the Education Infrastructure BEL,
 - £10,000k in respect of maintenance; and
 - £2,560k in respect of Reinforced Autoclaved Aerated Concrete (RAAC);
 - £3,400k to the HEFCW Programme Expenditure BEL in respect of a budget cover transfer received from the Department for Science, Innovation and Technology (DSIT) for the Regional Innovation Fund.
- Climate Change - £58,324k
 - £34,000k to the Transport for Wales BEL;
 - £15,000k to the Network Operations BEL;
 - £5,000k to the Green Infrastructure BEL and
 - £2,000k to the Natural Resources Wales BEL.

- Economy - £10,595k
 - £8,255k of which was transferred to the Borders Control BEL in respect of funding received from HMT;
 - £1,740k of which was allocated to the Property Infrastructure BEL.
- Social Justice - £687k.

Allocations to General Capital Reserves

6.7 Transfers totalling £302,293k have been made into general capital reserves in this supplementary budget. The total for each MEG and details of the significant transfers are outlined below.

- Health and Social Services - £16,498k, £15,000k from the Core NHS Allocations BEL in respect of an underspend.
- Finance and Local Government - £25,945k from the City and Growth Deals BEL in respect of the reprofiling of funding and savings identified as part of the in-year exercise.
- Education and The Welsh Language - £40,000k from the Education Infrastructure BEL relating to the in-year savings exercise.
- Climate Change - £158,045k, £131,001k of which came from multiple BELs relating the in-year saving exercise.
- Economy - £37,005k
 - £34,500k of which was transferred from ICT Infrastructure Operations BEL relating to the Superfast Broadband clawback; and
 - £2,500k from the Business & Regional Economic Development BEL relating to the in-year savings exercise.
- Rural Affairs - £20,200k from the Rural Investment Schemes BEL relating to the in-year savings exercise.
- Social Justice - £4,600k from multiple BELs relating to the in-year savings exercise.

Allocations from Financial Transaction Capital Reserves

- 6.8** There have been two transfers totalling £10,193k from the financial transaction capital reserves in this supplementary budget.
- £5,193k to the Education Infrastructure BEL within the Education and The Welsh Language MEG in respect of funding for Bridgend College; and
 - £5,000k to the Communities Facilities Programme in the Social Justice MEG in respect of the Wales Council for Voluntary Action (WCVA).

Allocations to Financial Transaction Capital Reserves

- 6.9** There have been four transfers back to the financial transaction capital reserves in this supplementary budget totalling £13,075k.
- £10,000k from the Business Finance Funds BEL within the Economy MEG relating to funding no longer required; and
 - £3,825k relating to the repayment of loans of which £750k came from the Education and The Welsh Language MEG and £3.075k from the Economy MEG.

Budget Switches

- 6.10** Within the Health and Social Services and Finance and Local Government MEGs there have been multiple switches between the fiscal resource and general capital reserves. The net effect on both reserves is zero but full details of the movements are provided in table 6.1 below.

Other Transfers With Reserves

- 6.11** There have been other transfers with central reserves not affecting the MEGs, the net result of which are as follows:
- A net increase of £34k in fiscal reserves; and
 - A net decrease of £94k in general capital reserves.

Table 6.1 below reflects all the movements on reserves:

Table 6.1 - Changes to the 2023-24 Reserves since the First Supplementary Budget and the Allocations from Reserves being made in this Supplementary Budget

	£000s						
	Fiscal Resource	Non-Fiscal Resource	Total Resource	General Capital	Financial Transaction Capital	Total Capital	Total
Reserves as per First Supplementary Budget	60,095	661,975	722,070	-61,047	-28,335	-89,382	632,688
Transfers & Consequentials since the First Supplementary Budget	464,988	-606,423	-141,435	-21,937	-5,500	-27,437	-168,872
Movement in principal repayment of borrowing	0	0	0	0	0	0	0
Drawdown from the Wales Reserve	199,094	0	199,094	47,230	37,420	84,650	283,744
Revised Reserves	724,177	55,552	779,729	-35,754	3,585	-32,169	747,560
CHANGES:							
HEALTH & SOCIAL SERVICES							
IFRS 16:	0	0	0	15,000	0	15,000	15,000
Core NHS Allocations	0	0	0	15,000	0	15,000	15,000
Others:	-628,103	-11,170	-639,273	-55,864	0	-55,864	-695,137
Core NHS Allocations	-675,006	-12,616	-687,622	-10,000	0	-10,000	-697,622
Other Direct NHS Allocations	-897	0	-897	0	0	0	-897
Digital Health and Care Wales	0	2,335	2,335	0	0	0	2,335
Health Education Improvement Wales	0	22	22	0	0	0	22
Mental Health	713	0	713	1,498	0	1,498	2,211
Substance Misuse Action Plan Fund	-275	0	-275	0	0	0	-275
Research & Development	47,362	0	47,362	-47,362	0	-47,362	0

Support for Childcare and Play	0	-911	-911	0	0	0	-911
HEALTH & SOCIAL SERVICES	-628,103	-11,170	-639,273	-40,864	0	-40,864	-680,137
FINANCE AND LOCAL GOVERNMENT							
Others:	47,692	-58	44,586	-28,595	0	-17,782	26,804
Local Govt General Revenue Funding	14,390	0	14,390	0	0	0	14,390
Non-Domestic Rates Relief	16,600	0	16,600	0	0	0	16,600
Transformation & Legislation	190	0	190	0	0	0	190
Emergency Financial Assistance	11,040	0	11,040	-17,782	0	-17,782	-6,742
Election Policy	1,000	0	1,000	0	0	0	1,000
Improvement & Support	300	0	300	0	0	0	300
Healthcare Inspectorate Wales	0	2	2	0	0	0	2
Ystadau Cymru	424	0	424	0	0	0	424
Welsh Revenue Authority	700	-60	640	0	0	0	640
Devolved Taxes	100	0	100	0	0	0	100
Commercial Procurement Programme Funding	1,032	0	1,032	0	0	0	1,032
City and Growth Deals	0	0	0	-9,397	0	-9,397	-9,397
Invest to Save	1,916	0	1,916	-1,416	0	-1,416	500
FINANCE AND LOCAL GOVERNMENT	47,692	-58	47,634	-28,595	0	-28,595	19,039
EDUCATION AND THE WELSH LANGUAGE							
Others:	63,590	261,929	325,519	24,040	-4,443	19,597	345,116
Curriculum & Assessment	489	0	489	0	0	0	489
Teacher Development and Support	2,340	0	2,340	0	0	0	2,340
Post-16 Provision	8,498	0	8,498	0	0	0	8,498
Post-compulsory Education and Training Reform	200	0	200	0	0	0	200

HEFCW Programme Expenditure	670	0	670	-3,400	0	-3,400	-2,730
School Improvement Grant	2,155	0	2,155	0	0	0	2,155
Supporting Digital Learning in Education	450	0	450	0	0	0	450
Food & Nutrition in Schools	4,940	0	4,940	0	0	0	4,940
Whole School Approach to Wellbeing	1,630	0	1,630	0	0	0	1,630
Vulnerable Groups	200	0	200	0	0	0	200
Student Support Grants	44,636	0	44,636	0	0	0	44,636
Community Schools	270	0	270	0	0	0	270
Offender Learning	-3,738	0	-3,738	0	0	0	-3,738
Youth Engagement & Employment	850	0	850	0	0	0	850
Education Infrastructure	0	0	0	27,440	-4,443	22,997	22,997
Student Loans Resource Budget Provision	0	261,929	261,929	0	0	0	261,929
EDUCATION AND THE WELSH LANGUAGE	63,590	261,929	325,519	24,040	-4,443	19,597	345,116
CLIMATE CHANGE							
IFRS 16:	-8,803	7,017	-1,786	27,000	0	27,000	25,214
Natural Resources Wales	0	-2,746	-2,746	0	0	0	-2,746
Transport for Wales	-8,803	9,763	960	27,000	0	27,000	27,960
Others:	-82,600	-116,854	-199,454	74,475	0	74,475	-124,979
Green Infrastructure	0	0	0	-5,070	0	-5,070	-5,070
Flood Risk Management & Water Policy Delivery	0	0	0	-1,000	0	-1,000	-1,000
Biodiversity, Evidence and Plant Health	0	0	0	2,000	0	2,000	2,000
Forestry	0	0	0	994	0	994	994
Natural Resources Wales	0	-1,545	-1,545	0	0	0	-1,545
Resource Efficiency and Circular Economy	0	0	0	1,000	0	1,000	1,000
Building Safety	0	0	0	45,000	0	45,000	45,000
Land Release Fund	0	0	0	7,000	0	7,000	7,000

Network Operations	0	-71,309	-71,309	-15,000	0	-15,000	-86,309
Transport for Wales	-82,600	-44,000	-126,600	-34,000	0	-34,000	-160,600
Ynni Cymru	0	0	0	10,000	0	10,000	10,000
Marine Energy	0	0	0	4,500	0	4,500	4,500
Local Places for Nature	0	0	0	1,000	0	1,000	1,000
Market Housing and Other Schemes	0	0	0	19,000	0	19,000	19,000
Regeneration	0	0	0	14,500	0	14,500	14,500
Bus Support	0	0	0	21,500	0	21,500	21,500
Sustainable and Active Travel	0	0	0	3,551	0	3,551	3,551
Strategic Infrastructure Development	0	0	0	-500	0	-500	-500
CLIMATE CHANGE	-91,403	-109,837	-201,240	101,475	0	101,475	-99,765
ECONOMY							
IFRS 16:	48	-17	31	-1,735	0	-1,735	-1,704
Property Infrastructure	48	-17	31	-1,740	0	-1,740	-1,709
ICT Infrastructure Operations	0	0	0	5	0	5	5
Others:	28,000	-3,412	24,588	28,145	13,075	41,220	65,808
Business & Regional Economic Development	971	0	971	2,500	0	2,500	3,471
Business Wales	3,200	0	3,200	0	0	0	3,200
Valley Task Force	138	0	138	0	0	0	138
Export, Trade and Inward Investment	347	0	347	0	0	0	347
Freeports	-600	0	-600	0	0	0	-600
Business Finance Funds	0	-800	-800	0	10,000	10,000	9,200
Property Infrastructure	5,200	-2,612	2,588	0	75	75	2,663
ICT Infrastructure Operations	500	0	500	34,500	0	34,500	35,000
Apprenticeships	17,515	0	17,515	0	0	0	17,515
Employability Including Young Persons Guarantee	6,900	0	6,900	0	0	0	6,900

Science	209	0	209	0	0	0	209
Tourism	209	0	209	0	0	0	209
Events Wales	273	0	273	0	0	0	273
Support for Local Culture and Sport	1,100	0	1,100	-600	0	-600	500
Creative Wales	-862	0	-862	0	0	0	-862
Border Controls	-7,100	0	-7,100	-8,255	0	-8,255	-15,355
Sports Capital Loans Scheme	0	0	0	0	3,000	3,000	3,000
ECONOMY	28,048	-3,429	24,619	26,410	13,075	39,485	64,104
RURAL AFFAIRS							
Others:	17,250	3,000	20,250	20,200	0	20,200	40,450
Strategy and Government Relations	800	0	800	0	0	0	800
Agriculture Strategy	250	0	250	0	0	0	250
EID Cymru	1,000	0	1,000	0	0	0	1,000
Agriculture EU Pillar 1 Direct Payments	3,000	0	3,000	0	0	0	3,000
Single Payment Scheme Administration	1,000	3,000	4,000	0	0	0	4,000
Rural Investment Schemes	10,000	0	10,000	20,200	0	20,200	30,200
Fisheries	600	0	600	0	0	0	600
Promoting Welsh Food and Industry Development	600	0	600	0	0	0	600
RURAL AFFAIRS	17,250	3,000	20,250	20,200	0	20,200	40,450
SOCIAL JUSTICE							
Others:	7,000	26	7,026	3,913	-5,000	-1,087	5,939
Digital Inclusion	42	0	42	0	0	0	42
Supporting Communities	217	0	217	-500	0	-500	-283
International Development	16	0	16	0	0	0	16
Social Partnerships	88	0	88	0	0	0	88

Fire and Rescue Service	30	0	30	0	0	0	30
Fire and Rescue Service - Communication Systems	979	0	979	0	0	0	979
Financial Inclusion	0	0	0	-159	0	-159	-159
Children's Commissioner	0	29	29	-28	0	-28	1
Public Appointments	168	0	168	0	0	0	168
Violence against Women, Domestic Abuse and Sexual Violence	291	0	291	0	0	0	291
Equality, Inclusion and Human Rights	2,664	-3	2,661	0	0	0	2,661
Cohesive Communities	710	0	710	0	0	0	710
Equalities, Poverty and Children's Evidence & Support	122	0	122	0	0	0	122
Support for the Voluntary Sector and Volunteering	10	0	10	0	0	0	10
Community Support and Safety	1,522	0	1,522	0	0	0	1,522
Women's Justice & Youth Justice Blueprints	141	0	141	0	0	0	141
Community Bank	0	0	0	1,500	0	1,500	1,500
Gypsy Traveller Sites	0	0	0	3,100	0	3,100	3,100
Community Facilities Programme	0	0	0	0	-5,000	-5,000	-5,000
SOCIAL JUSTICE	7,000	26	7,026	3,913	-5,000	-1,087	5,939
CENTRAL SERVICES & ADMINISTRATION							
Others:	16,500	0	16,500	0	0	0	16,500
General Administration Expenditure	15,525	0	15,525	0	0	0	15,525
IT Costs	320	0	320	0	0	0	320
Central Research	540	0	540	0	0	0	540
Constitutional Commission	30	0	30	0	0	0	30
Events & Corporate Communications	50	0	50	0	0	0	50

Senedd Reform	35	0	35	0	0	0	35
CENTRAL SERVICES & ADMINISTRATION	16,500	0	16,500	0	0	0	16,500
OTHER CHANGES AFFECTING RESERVES							
Public Services Ombudsman for Wales	108	0	108	0	0	0	108
Wales Audit Office	0	0	0	-94	0	-94	-94
Electoral Commission	-54	0	-54	0	0	0	-54
Direct Charges to the Welsh Consolidated Fund	-20	0	-20	0	0	0	-20
OTHER CHANGES AFFECTING RESERVES	34	0	34	-94	0	-94	-60
Reserves in this Budget	184,785	196,013	380,798	70,731	7,217	77,948	458,746

Wales Reserve

6.12 The balances held in the Wales Reserve are updated each financial year to take account of the following movements:

- Increases due to underspends arising after the calculation of the final outturn position for the previous financial year; and
- Decreases due to the amounts drawn down from the Reserve in year.

The annual drawdown limits from the Wales Reserve are £125m resource and £50m capital. The capital drawdown can comprise of general and financial transaction capital.

As an exception for 2023-24 only, the Chief Secretary to the Treasury has waived the drawdown limits thereby allowing Welsh Government to drawdown resource and capital up to the maximum amounts available in the Wales Reserve.

Table 6.2 below illustrates the confirmed amounts currently held in the Wales Reserve.

Table 6.2 - Balances currently held in the Wales Reserve

MOVEMENTS	£'000		
	Non Ringfenced Resource	General Capital	Financial Transaction Capital
Balance brought forward from 2022-23	265,056	47,230	37,420
Drawdown in first supplementary budget 2023-24	-65,962	0	0
Drawdown included in this supplementary budget	-199,094	-47,230	-37,420
Current Balance Available in Wales Reserve	0	0	0

7. Annually Managed Expenditure (AME) Budgets

- 7.1** AME budgets detailed in this supplementary budget reflect the last forecasts provided to HMT in February 2024. Adjustments made since the First Supplementary Budget was approved comprise:
- A total increase of £99,925k in the Health and Social Services AME budget to reflect the latest forecasts for impairments and provisions relating to the NHS in Wales, comprising:
 - £98,622k resource AME; and
 - £1,303k capital AME.
 - A net increase of £460,185k in the Education and The Welsh Language MEG AME budget to reflect the latest Student Loans forecasts, comprising:
 - An increase in resource AME of £483,254k; and
 - A decrease in capital AME of £23,069k.
 - A total increase of £388,425k in the Climate Change MEG resource AME budget comprising:
 - £193,425k in respect of Market Housing; and
 - £145,000k in respect of the impairment relating to forestry and biological assets.
 - A net increase of £36,271k in the Economy MEG resource AME budget relating to an increase in impairments, an increase in provisions for several sponsored bodies and provisions for bad debts, including:
 - An increase of £11,000k for the impairment of property related infrastructure;
 - An increase of £12,000k relating to provisions for the Business Finance Fund; and

-
- An increase of £6,000k for provisions relating to sponsored bodies.
 - An increase of £6,434k in the Social Justice MEG resource AME budget relating to fire service pensions.

Table 7.1 below sets out the current AME budgets.

Table 7.1 – Changes to the Welsh Government MEG AME Allocations

MAIN EXPENDITURE GROUPS (MEGs)	£000s					
	RESOURCE			CAPITAL		
	2023-24 Supplementary Budget June 2023	Changes	2023-24 Supplementary Budget New Plans February 2024	2023-24 Supplementary Budget June 2023	Changes	2023-24 Supplementary Budget New Plans February 2024
Health and Social Services	220,887	98,622	319,509	456	1,303	1,759
Finance and Local Government	906,453	0	906,453	0	0	0
Education and The Welsh Language	-596,212	482,254	-112,958	1,386,466	-23,069	1,363,397
Climate Change	57,477	338,425	395,902	0	0	0
Economy	58,525	36,271	94,796	0	0	0
Rural Affairs	0	0	0	0	0	0
Social Justice	24,546	6,434	30,980	0	0	0
Central Services and Administration	3,200	0	3,200	0	0	0
Total Allocation to Welsh Government	674,876	963,006	1,637,882	1,386,922	-21,766	1,365,156

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 2023-24 and the cash it is seeking authority to draw from the Welsh Consolidated Fund. The tables within this note use the HMT 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.

2023-24 SUPPLEMENTARY BUDGET									
£000s									
	Health and Social Services	Finance and Local Government	Education and The Welsh Language	Climate Change	Economy	Rural Affairs	Social Justice	Central Services and Administration	TOTAL
Resource	11,058,504	4,853,282	1,988,409	1,393,420	433,271	367,234	139,769	333,533	20,567,422
Capital	518,943	307,324	352,589	1,982,112	43,571	40,000	18,081	12,397	3,275,017
Resource AME	319,509	906,453	-112,958	395,902	94,796	0	30,980	3,200	1,637,882
Capital AME	1,759	0	1,363,397	0	0	0	0	0	1,365,156
TOTAL MANAGED EXPENDITURE	11,898,715	6,067,059	3,591,437	3,771,434	571,638	407,234	188,830	349,130	26,845,477
Reconciliation to Resources									
Resource Consumption - Welsh Government Sponsored Bodies	-154		-750	-69,291	-39,693				-109,888
Supported Borrowing		-88,800							-88,800
National Insurance Fund Receipts Collection Costs	-906								-906
National Non-Domestic Rates Payable (and Collection Costs)		-911,172							-911,172
Interest Repayments on Borrowing		-7,008							-7,008
PFI				-10,070					-10,010
RESOURCES REQUESTED	11,897,655	5,060,079	3,590,687	3,692,073	531,945	407,234	188,830	349,130	25,717,633

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.
Budget Motion	The means by which Senedd Cymru authorises Welsh Ministers to spend resources up to a specific level for specified purposes and to draw cash up to a specific limit from the Welsh Consolidated Fund.
Budget Expenditure Line (BEL)	Within each Action budgets are allocated to a number of sub-expenditure groups known as BELs. Tables showing budgets at BEL level are available at: http://gov.wales/funding/budget/?lang=en
Capital	Expenditure that in the main results in a physical asset, for example a new building. The Welsh Government DEL and AME budgets have separate capital and resource limits.
Departmental Expenditure Limit (DEL)	The multi-year budget limit for the Welsh Government set by the HM Treasury in Spending Reviews.
Depreciation	The drop in value of an asset due to wear and tear, age and obsolescence. Under resource budgeting, depreciation is part of the Welsh Government’s DEL but is a non-fiscal resource DEL item.

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

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