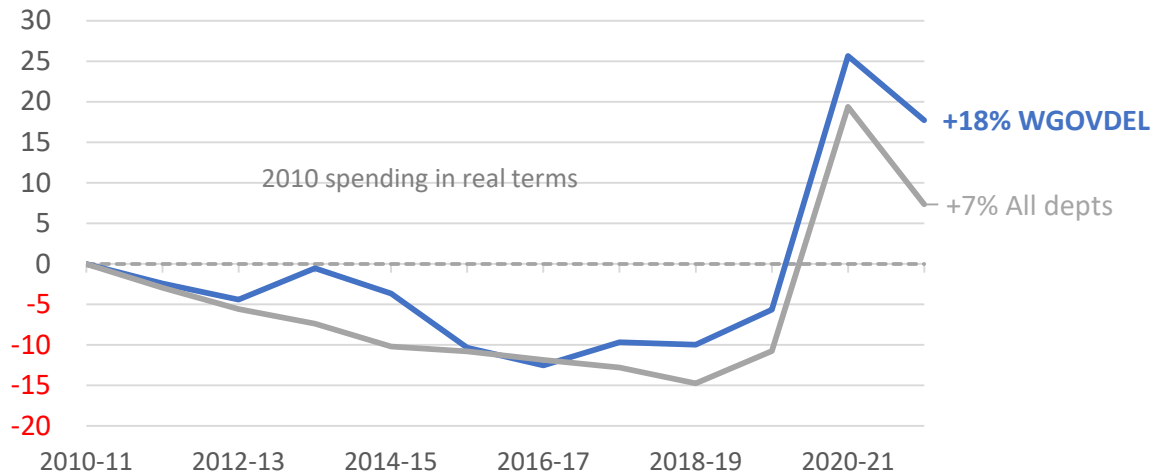


Grant to the Welsh Government and Office of the Secretary of State for Wales (Wales Office)

Long-term trends in Wales' spending (in real terms)

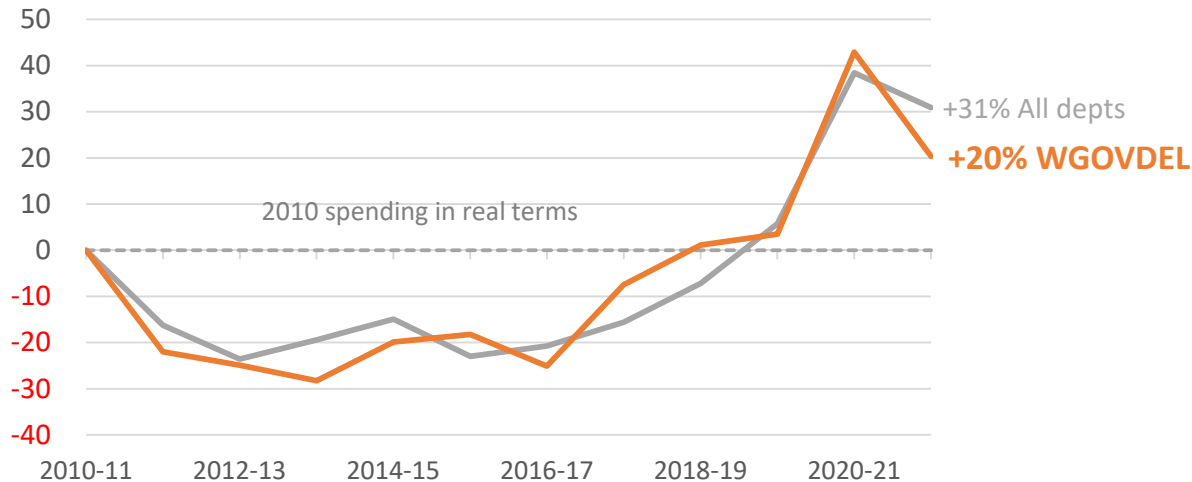
Percentage change in **day-to-day spending** compared to 2010 (Resource DEL):



Day-to-day spending trends

- Since 2010 funding for day to day spending for Wales initially fell **less fast than overall UK gov't spending in real terms** and has **since risen sharply is for the first time above the 2010 levels**, driven by Barnett Consequentials.
- Some additional funding outside of the Barnett arrangements, such as **post-EU Exit Farm Support**, has also been provided.

Percentage change in **investment spending** compared to 2010 (Capital DEL):



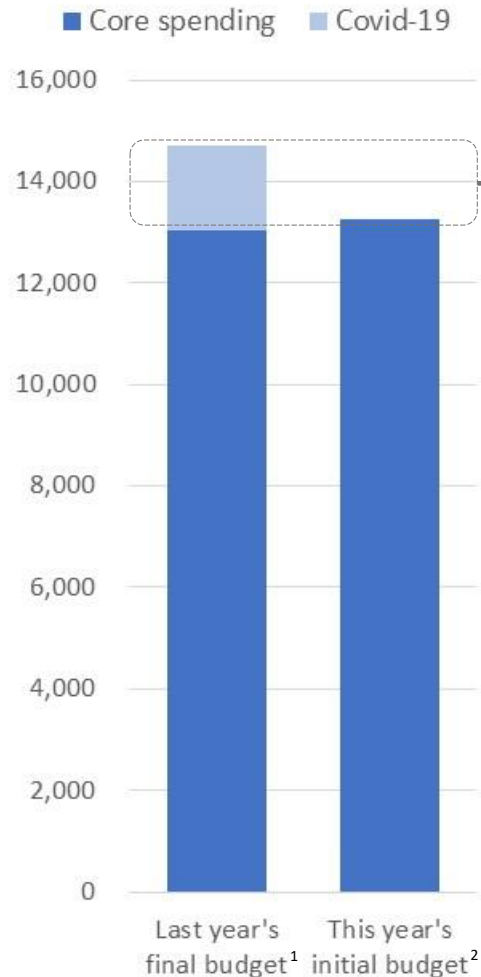
Investment spending trends

- Funding for investment is **similarly affected by UK spending decisions** and whether funding goes to **devolved or non devolved functions**.
- For instance, **more UK investment spending on defence** does **not** benefit Welsh budgets as **defence is a non devolved function**, whereas **more UK funding on health** does.

How is Wales' day-to-day spending changing in 2021-22?

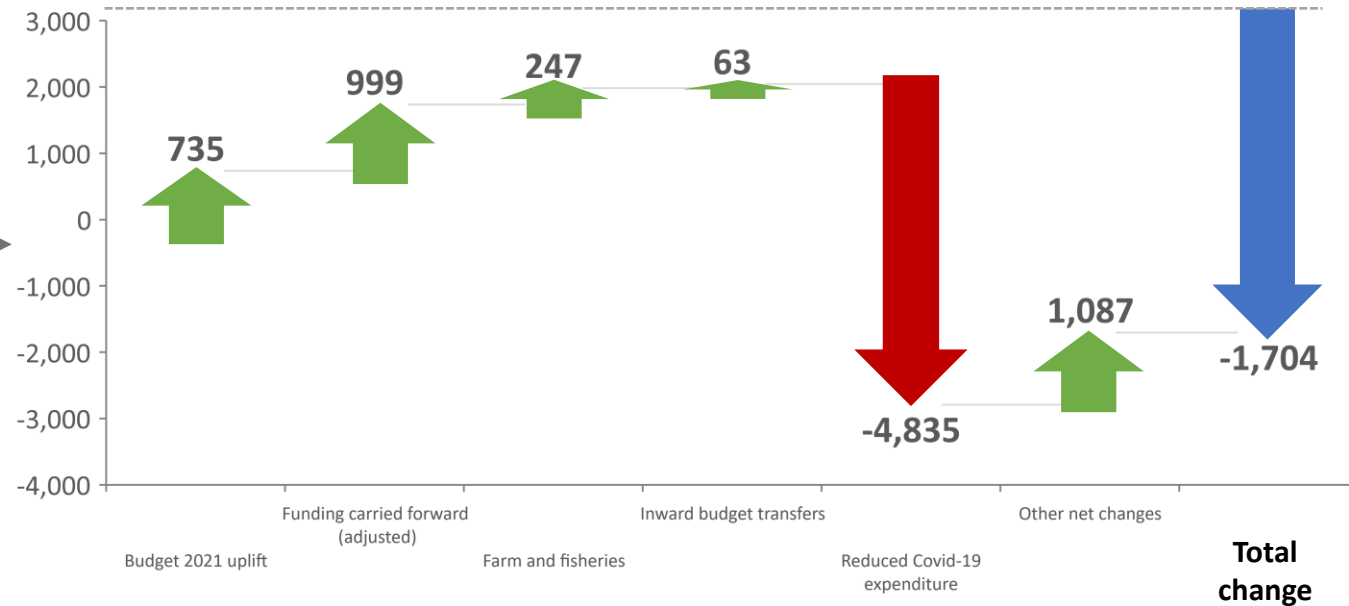
Wales' day-to-day budget is decreasing by £1,703.8 (-8.8%)

Resource DEL budget in £m



Wales' spending reduction is driven by a reduction in Covid-19 funding (possibly temporarily)

Changes in Day-to-day (Resource DEL) budget in £m since final budget for 2020-21



Changes in 2021-22

- Covid-19 funding:** Last year Wales received nearly £6 billion in Barnett Consequentials relating to Covid-19 funding. The majority of the reduction this year reflects considerably less pandemic spending across the UK.
- Funding carried forward:** In recognition of the exceptional circumstances and in response to calls for flexibility, the devolved administrations were given the option to carry forward any of the additional funding provided at last year's supplementary estimate into 2021-22. Wales carried forward £999 million in day-to-day spending, after adjusting for transfers between day-to-day- and investment spending.
- Farming and fisheries:** Wales received £247 million for farming and fisheries, outside of the Barnett formula (£245 million for farming, including the Bew review, and £2 million for fisheries).

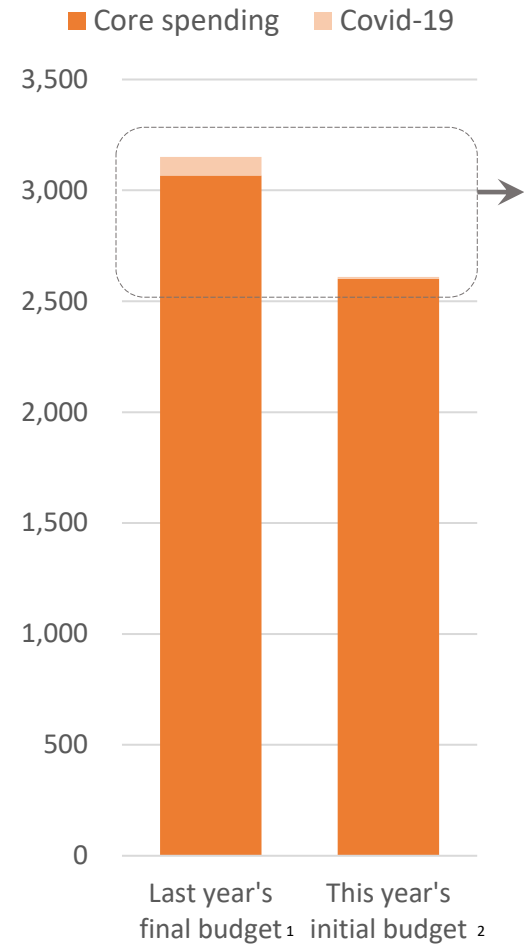
¹ Final Budget in Supplementary Estimates 2020-21 (Feb 2021)

² Initial Budget in Main Estimate 2021-22 (May 2021)

How is Wales' investment spending changing in 2021-22?

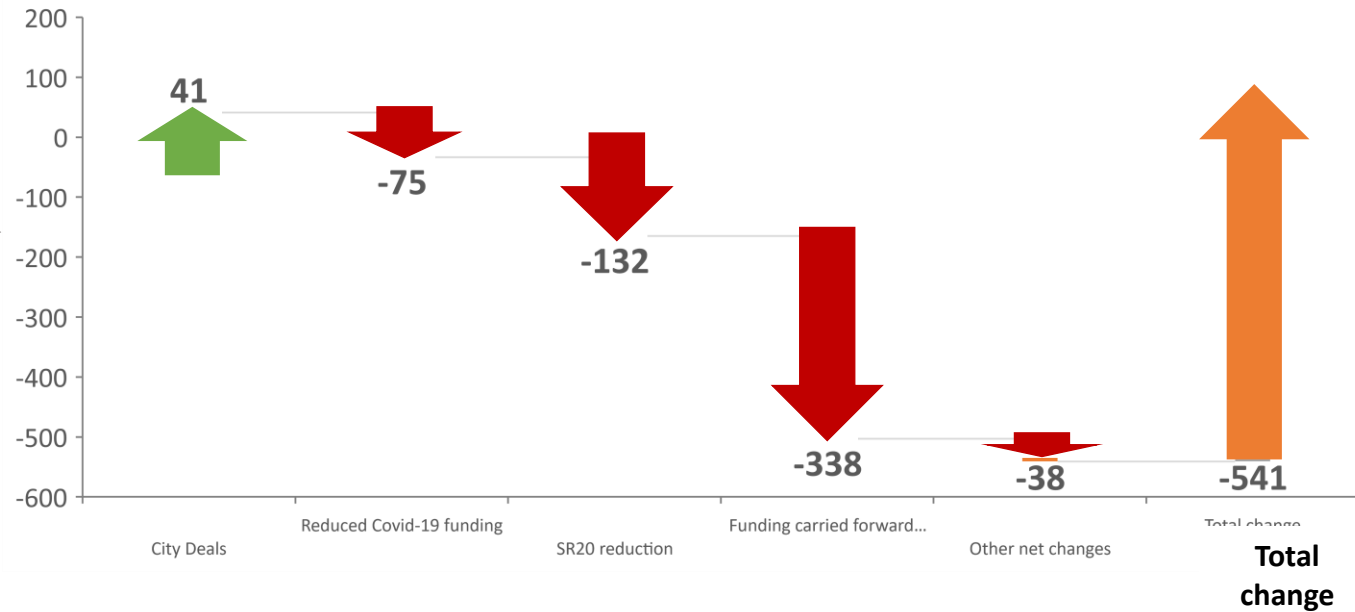
Wales' investment budget is decreasing by £541.2 (-17.7%)

Capital DEL budget in £m



Wales' investment spending decrease is driven by budgets adjustments between financial years

Changes in Investment (Capital DEL) budget in £m since final budget for 2020-21



Changes in 2021-22

- Funding carried forward:** In recognition of the exceptional circumstances and in response to calls for flexibility, the devolved administrations were given the option to carry forward any of the additional funding provided at last year's supplementary estimate into 2021-22. Wales carried forward £137 million, however due to transferring around £500 million funding between capital and resource this resulted in a reduction compared to the previous year.
- Covid-19 funding:** Last year Wales received £84 million in Barnett Consequentials relating to Covid-19 investment funding. The reduced funding this year reflects less spending across the UK on the pandemic.
- City Deals:** Wales received £41 million in funding for City Deals, outside of the Barnett Formula.

¹ Final Budget in Supplementary Estimates 2020-21 (Feb 2021))

² Initial Budget in Main Estimate 2021-22 (May 2021))

Cash grant to the Welsh Government and funding for the Wales Office

To the Welsh Government

Cash grant to the Welsh Government

£18,249.8 million (-£2,541 million (-14%) compared to last year's final budget)

This is the sum of

- Funding for day to day spending (Resource DEL)
- Funding for investment spending (Capital DEL)
- Adjustments to reflect differences between spending and cash (timing differences, debtors, creditors, and non-cash spending such as depreciation and write downs)

To the Wales Office

- *Day to day spending (Resource DEL) : £5.1 million (-£0.2 million (-4%) compared to last year's final budget)*
- *Investment spending (Capital DEL): £0.03 million (+£0.05 million compared to last year's final budget)*

The key drivers of this change are:

- Reduced funding for EU Exit posts of £0.3 million;
- Reduced Covid 19 Communications Funding of £0.2 million; and
- Additional funding of £0.3 million for Gwydr House rental costs.