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Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: RE/463/21

Llyr Gruffydd MS
Chair, Finance Committee
Welsh Parliament
Cardiff CF99 1SN

21 January 2021

Dear Llyr,

During Finance Committee on 16 December, I agreed to send the Committee additional information in respect of financial transactions capital and Wales Barnett formula consequentials.

Financial transactions capital

The request was in relation to a list of financial transaction capital spend this year and what we intend to spend next year. As the financial year 2020-21 is not yet complete, I have provided attached (Annex 1) a breakdown of the allocations from reserves that have been made in respect of the current financial year to date. Any further allocations will be reflected in the 3rd Supplementary Budget.

Our plans for spend next year were set out in the draft Budget 2021-22 that was published on 21 December 2020. This included new financial transactions allocations totalling £114.3m. I have included the 2021-22 allocations in the table for ease of reference.

Wales Barnett formula consequentials

A breakdown of the consequentials we received in the 2021-22 Spending Round is provided at Annex 2.

I am placing a copy of this letter in the Welsh Parliament's library.

Yours sincerely,

Rebecca Evans AS/MS
Y Gweinidog Cyllid a'r Trefnydd
Minister for Finance and Trefnydd

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Financial Transactions Capital Allocations 2020-21 and 2021-22¹

| Project/Programme | 2020-21 £m | 2021-22 £m |
|---|---------------|---------------|
| Help to Buy Cymru – To help qualifying home buyers purchase a new build home with a low loan-to-value mortgage and provide a boost to the construction industry. | 67 | 74 |
| Development Bank for Wales – Investment funds to provide access to finance for SMEs, support business growth, boost exports and create/safeguard jobs. Includes funds for tourism, rescue and restructure, micro businesses, angel co-investment, commercial property, flexible investment, life sciences etc. | 47 | 5 |
| Land for Housing scheme – Providing loans to Registered Social Landlords to acquire sites in order to accelerate the development of affordable housing schemes. | 10 | |
| Economic Development Initiatives – Funding that supports economic growth in Wales | 42 | |
| Property Development Funds and Property sector - Helps build new homes, commercial and industrial space. | 2 | |
| Cardiff airport and Aviation – To increase commercial potential of aviation industry in Wales and enhance route development. | 5 | 3 |
| Housing and RSL loans – To support delivery of 20,000 homes commitment and housing provision including new innovative developments | 64 | |
| Green Growth Wales and Green Infrastructure – To support Wales' renewable energy sector and to increase and accelerate projects to deliver green investment in Wales. | 2 | |
| Town Centre Loans and Regeneration Funds – To assist in providing a sustainable future for vacant and under-utilised sites and properties and in doing so supporting vibrant and viable town centres. | 10 | 5 |
| Community Asset Loan Fund | 1 | 1 |
| Electric Vehicle Transformation | 8 | 10 |
| Credit Unions subordinate loans to support compliance with mandatory capital to asset ratios | | 1 |
| Building safety loans to help maintain and improve the quality of housing stock in Wales and allow residents, leaseholders and tenants to feel safer in their homes. | | 12 |
| Education to support delivery of the Mutual Investment Model | | 3 |

¹ Further allocations to be made in the 3rd Supplementary Budget 2020-21. Figures are rounded to the nearest million, as per latest monitoring information available and do not include repayments due back to the central reserve.

Wales Barnett formula consequentials, Spending Round 2021-22 (£million)

| | |
|--|-----------------------|
| <u>Fiscal Resource Departmental Expenditure Limit</u> | |
| Non-COVID-19 | |
| Health | 422.9 |
| Education | 162.2 |
| Local Government | 65.1 |
| HM Revenue and Customs | 1.9 |
| Transport | 12.1 |
| Business Energy and Industrial Strategy | -0.2 |
| Communities | 11.6 |
| Environment and Rural Affairs | 14.1 |
| Culture, Media and Sport | -2.6 |
| Business Rates Income | 7.0 |
| Total non-COVID-19 | 694.2 |
| COVID-19 | |
| Health | 435.4 |
| Education | 23.3 |
| Local government | 175.4 |
| Transport | 121.0 |
| Communities | 10.1 |
| Work and pensions | 0.8 |
| Total COVID-19 | 765.9 |
| <u>Total Fiscal Resoure DEL</u> | <u>1,460.1</u> |
| <u>Capital Departmental Expenditure Limit</u> | |
| General capital | |
| Health | 65.5 |
| Education | 74.7 |
| Communities | -131.9 |
| HM Revenue and Customs | 0.5 |
| Transport | 15.0 |
| Business Energy and Industrial Strategy | 3.7 |
| Environment and Rural Affairs | 27.0 |
| Culture, Media and Sport | 5.4 |
| Total general capital | 59.7 |
| Financial transaction capital | |
| Education | 1.1 |
| Communities | -193.8 |
| Business Energy and Industrial Strategy | 1.5 |
| Environment and Rural Affairs | -0.1 |
| Total financial transaction | -191.3 |
| <u>Total Capital DEL</u> | <u>-131.6</u> |