

# GOVERNMENT OF WALES ACT 2006

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## EXPLANATORY NOTES

### DETAILED COMMENTARY ON SECTIONS IN PART 5

#### *Borrowing*

#### *Sections 121-123*

458. *Sections 121-123* make provision for the Welsh Ministers to borrow from the Secretary of State, either to cover a short term deficit in the WCF, or to provide a working balance within that Fund (section 121(1)). The total assets borrowed may not exceed £500 million at any given time (section 122(2)). This overall limit includes loans made by the Secretary of State to the National Assembly for Wales as constituted by the Government of Wales Act 1998, and any other loans issued out of the National Loans Fund which the Assembly is liable to repay, to the extent that these are still outstanding when the Welsh Ministers come into existence (Schedule 11, paragraph 57). The £500 million ceiling can be increased by the Secretary of State by order, provided that HM Treasury consent (section 122(3)). Such an Order is subject to affirmative procedure in the House of Commons (section 122(4)), thus preserving the principle that that House should control the supply of money to the executive.
459. The Assembly will not be able to control, by means of its Budget process, the rate at which such loans are repaid to the Secretary of State, as HM Treasury may determine the timing and interest rate of those repayments (section 121(2)), and sums required for the repayments are “charged on” the WCF (section 121(3)) (for which see the note on section 124 below). Sums received by the Secretary of State by way of repayment will be paid into the National Loans Fund, from which they were originally provided (section 122(1) and (5)).
460. Under section 123, the Secretary of State is required to prepare, for each financial year, accounts in respect of loans issued under these provisions. These accounts are to include any outstanding loans or advances made by the Secretary of State to the Assembly as constituted by the Government of Wales Act 1998. The accounts are to be sent to the Comptroller and Auditor General for examination (section 123(2)). The Comptroller and Auditor General must lay copies of those accounts, and the Comptroller and Auditor General’s report on them, before each House of Parliament (section 123(3)).