



Government of Wales Act 2006

2006 CHAPTER 32

PART 5

FINANCE

Borrowing

121 Borrowing by Welsh Ministers

- ^{F1}(1) The Welsh Ministers may borrow from the Secretary of State—
- (a) any amounts it appears to them are required by them for the purpose of meeting a temporary excess of sums paid out of the Welsh Consolidated Fund over sums paid into that Fund,
 - (b) any amounts it appears to them are required by them for the purpose of providing a working balance in the Welsh Consolidated Fund, and
 - (c) any amounts which in accordance with rules determined by the Treasury are required by the Welsh Ministers to meet current expenditure because of a shortfall in receipts from devolved taxes, or from income tax charged by virtue of a Welsh rate resolution, against forecast receipts.
- (1A) The Welsh Ministers may, with the approval of the Treasury, borrow by way of loan [^{F2}or by the issue of bonds (but not bonds transferable by delivery)] any amounts it appears to them are required by them for the purpose of meeting capital expenditure.
- (1B) An amount is required for the purpose of meeting capital expenditure if the expenditure would be capital expenditure for the purposes of accounts under section 131.]
- (2) Amounts borrowed under this section [^{F3}from the Secretary of State] must be repaid to the Secretary of State at such times and by such methods, and interest on such sums must be paid to the Secretary of State at such rates and at such times, as the Treasury may from time to time determine.
- (3) Sums required for the repayment of, or the payment of interest on, amounts borrowed under this section are to be charged on the Welsh Consolidated Fund.

Changes to legislation: Government of Wales Act 2006, Cross Heading: Borrowing is up to date with all changes known to be in force on or before 11 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

[^{F4}(4) The Secretary of State may by order made with the consent of the Treasury amend subsection (1A) so as to vary the means by which the Welsh Ministers may borrow money.

(5) No order is to be made under subsection (4) unless a draft of the statutory instrument containing it has been laid before, and approved by a resolution of, the House of Commons.]

Textual Amendments

- F1** S. 121(1)-(1B) substituted for s. 121(1) (1.1.2017) by [Wales Act 2014 \(c. 29\)](#), **ss. 20(3)**, 29(5)(a); S.I. 2016/1264, art. 2
- F2** Words in s. 121(1A) inserted (1.12.2018) by [The Government of Wales Act 2006 \(Variation of Borrowing Power\) Order 2018 \(S.I. 2018/1266\)](#), arts. 1, 2
- F3** Words in s. 121(2) inserted (1.1.2017) by [Wales Act 2014 \(c. 29\)](#), **ss. 20(4)**, 29(5)(a); S.I. 2016/1264, art. 2
- F4** S. 121(4)(5) inserted (1.1.2017) by [Wales Act 2014 \(c. 29\)](#), **ss. 20(5)**, 29(5)(a); S.I. 2016/1264, art. 2

122 Lending by Secretary of State

(1) The Treasury may issue to the Secretary of State out of the National Loans Fund such sums as the Secretary of State needs for making loans under section 121.

(2) The aggregate outstanding in respect of the principal of sums borrowed under [^{F5}section 121(1)] must not exceed £500 million.

(3) The Secretary of State may by order made with the consent of the Treasury substitute for the amount for the time being specified in subsection (2) such ^{F6}... amount as is specified in the order.

[^{F7}(3A) An amount substituted under subsection (3) may be more or less than the amount for which it is substituted but may not be less than £500 million.]

(4) No order is to be made under subsection (3) unless a draft of the statutory instrument containing it has been laid before, and approved by a resolution of, the House of Commons.

(5) Sums received by the Secretary of State under section 121(2) must be paid into the National Loans Fund.

Textual Amendments

- F5** Words in s. 122(2) substituted (1.1.2017) by [Wales Act 2014 \(c. 29\)](#), **ss. 20(7)**, 29(5)(a); S.I. 2016/1264, art. 2
- F6** Word in s. 122(3) omitted (1.1.2017) by virtue of [Wales Act 2014 \(c. 29\)](#), **ss. 20(8)**, 29(5)(a); S.I. 2016/1264, art. 2
- F7** S. 122(3A) inserted (1.1.2017) by [Wales Act 2014 \(c. 29\)](#), **ss. 20(9)**, 29(5)(a); S.I. 2016/1264, art. 2

[^{F8}122A Lending for capital expenditure

(1) The aggregate at any time outstanding in respect of the principal of amounts borrowed under section 121(1A) shall not exceed [^{F9}£1,000 million] .

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- (2) The Secretary of State may by order made with the consent of the Treasury substitute for the amount for the time being specified in subsection (1) such amount as may be specified in the order.
- (3) An amount substituted under subsection (2) may be more or less than the amount for which it is substituted but may not be less than [^{F10}£1,000 million] .
- (4) No order is to be made under subsection (2) unless a draft of the statutory instrument containing it has been laid before, and approved by a resolution of, the House of Commons.
- (5) A person lending money to a member of the Welsh Government—
 - (a) is not bound to enquire whether the member of the Welsh Government has power to borrow the money, and
 - (b) is not to be prejudiced by the absence of any such power.
- (6) The Welsh Ministers may not mortgage or charge any of their property as security for money which they have borrowed under section 121(1A).
This is subject to section 121(3) (charging of sums on the Welsh Consolidated Fund).
- (7) Security given in breach of subsection (6) is unenforceable.]

Textual Amendments

- F8** S. 122A inserted (1.1.2017) by [Wales Act 2014 \(c. 29\)](#), **ss. 20(10)**, 29(5)(a); S.I. 2016/1264, art. 2
- F9** Words in s. 122A(1) substituted (31.3.2017) by [Wales Act 2017 \(c. 4\)](#), **ss. 18**, 71(2)(d) (with [Sch. 7 paras. 1, 6](#))
- F10** Words in s. 122A(3) substituted (31.3.2017) by [Wales Act 2017 \(c. 4\)](#), **ss. 18**, 71(2)(d) (with [Sch. 7 paras. 1, 6](#))

123 Accounts relating to loans

- (1) The Secretary of State must for each financial year prepare accounts in such form and manner as the Treasury may direct of—
 - (a) loans made by the Secretary of State under section 121 or treated as made by paragraph 11(6) of Schedule 3 or paragraph 44(6) of Schedule 11, and
 - (b) repayments and payments of interest made to the Secretary of State in respect of those loans.
- (2) The Secretary of State must send accounts under subsection (1) relating to a financial year to the Comptroller and Auditor General no later than five months after the end of the financial year.
- (3) The Comptroller and Auditor General must—
 - (a) examine, certify and report on accounts sent under subsection (2), and
 - (b) lay copies of the accounts, together with the report prepared under paragraph (a), before each House of Parliament.

Commencement Information

- I1** This provision in force immediately after "the 2007 election" by s. 161(1) (subject to s. 161(4)(5))

Changes to legislation:

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 155A inserted by [2014 c. 29 s. 10](#)
- Sch. 7A Section C15 para. 92 omitted by [2017 c. 4 s. 48\(1\)\(a\)](#)
- Sch. 7A Section C15 para. 93 words omitted by [2017 c. 4 s. 48\(1\)\(b\)](#)
- Sch. 7B para. 10(2)(o) inserted by [2022 c. 30 s. 143](#)
- Sch. 7B para. 11(6)(b)(x) repealed by [2023 c. 54 Sch. 11 para. 1\(b\)](#)
- Sch. 7B para. 11(6)(b)(x) word omitted by [2023 c. 54 s. 118\(c\)](#)