

National Assembly for Wales

Draft Budget 2011-12 January 2011

This paper is intended to inform scrutiny of the Welsh Government's Draft Budget 2011-12 and inform the plenary debate on the Draft Budget in January 2011. It provides an overview of spending plans for 2011-12, how these compare to 2010-11 and looks at cumulative changes over the budget period (to 2013-14).

Members'
Research
Service



The National Assembly for Wales is the democratically elected body that represents the interests of Wales and its people, makes laws for Wales and holds the Welsh Government to account.

The Members' Research Service is part of the National Assembly for Wales. We provide confidential and impartial research support to the Assembly's scrutiny and legislation committees, and to all 60 individual Assembly Members and their staff.

Members' Research Service briefings are compiled for the benefit of Assembly Members and their support staff. Authors are available to discuss the contents of these papers with Members and their staff but cannot advise members of the general public. We welcome comments on our briefings; please post or email to the addresses below.

An electronic version of this paper can be found on the National Assembly's website at: www.assemblywales.org/bus-assembly-publications-research.htm

Further hard copies of this paper can be obtained from:

Members' Research Service
National Assembly for Wales
Cardiff Bay
CF99 1NA

Email: MembersLibrary@wales.gov.uk

© National Assembly for Wales Commission Copyright 2011

The text of this document may be reproduced free of charge in any format or medium providing that it is reproduced accurately and not used in a misleading or derogatory context. The material must be acknowledged as copyright of the National Assembly for Wales Commission and the title of the document specified.

Enquiry no: 10/3213

National Assembly for Wales

Draft Budget 2011-12

January 2011

Dr Eleanor Roy

Paper Number: 11/002



Members'
Research
Service

Outline of paper

This paper provides an overview of the proposals contained within the Welsh Government's Draft Budget 2011-12, as laid before the National Assembly for Wales on 17 November 2010.

Although the Draft Budget 2011-12 presents plans for the financial year 2011-12 and indicative allocations for 2012-13 and 2013-14, this paper focuses mainly on the 2011-12 allocations, as indicative plans are subject to significant change. Cumulative changes over the whole budget period are also shown.

[Section 1](#) deals with the UK Government's recent Spending Review 2010, which determines the level of the Welsh block for the years 2011-12 to 2014-15, and therefore sets the backdrop for the Draft Budget 2011-12. This section also discusses the issue of the Barnett formula and the latest economic forecasts to give some context to the Draft Budget 2011-12.

[Section 2](#) discusses the Welsh Government's approach to setting the Draft Budget 2011-12, given the tight settlement, and sets out their strategic priorities.

[Section 3](#) provides an overview of the resources available in the Welsh block for 2011-12.

[Section 4](#) provides an overview of the Welsh Government's departmental allocations, including separate consideration of revenue and capital allocations.

Sections 5 to 13 each present headline figures and a summary of the main changes proposed for each main expenditure group.

Contents

1. Spending Review 2010, the impact on the Welsh Block and the current climate	1
1.1. The Barnett formula	3
1.2. The economic forecast	4
2. Welsh Government's approach to Draft Budget 2011-12	6
3. Overview of the Welsh block	7
4. Overview of Welsh Government departmental allocations	9
4.1. Total DEL	9
4.2. Revenue DEL	13
4.3. Capital DEL	16
4.4. Annually managed expenditure (AME).....	18
5. Health and Social Services (HSS).....	20
6. Social Justice and Local Government (SJLG)	25
7. Economy and Transport (E&T).....	30
8. Children, Education and Lifelong Learning.....	35
9. Environment, Sustainability and Housing	40
10. Rural Affairs	45
11. Heritage.....	49
12. Public Services and Performance	54
13. Central Services and Administration	58

1. Spending Review 2010, the impact on the Welsh Block and the current climate

The backdrop for the Welsh Government's Draft Budget 2011-12¹ was set by the UK Government's Spending Review 2010 (SR 2010) published on 20 October 2010.² The SR 2010 sets out departmental spending plans for the four years until 2014-15, for each UK Government department and the devolved administrations. The SR 2010 details the Government's plans to **cut £81 billion** over the spending review period (2011-12 to 2014-15).

SR 2010 shows the figures for the Welsh block from 2010-11 (baseline year) to 2014-15. These figures are shown on the basis of departmental expenditure limits (DEL)³ and annually managed expenditure (AME)⁴.

The **overall Welsh block for 2011-12 is £14.5 billion**; £13.3 billion revenue DEL and £1.3 billion capital DEL⁵.

In comparison to 2010-11⁶ the Welsh block for 2011-12 is:

- Reduced by £0.5 billion (3.3%) in cash terms.
- In real terms⁷ this equates to an overall reduction of £0.8 billion (5.1%).
- Within the total DEL, revenue DEL is maintained at the same level, representing a 1.9% reduction in real terms, and capital DEL is reduced by £0.4 billion, or 25 per cent in real terms.

Over the course of the spending review period the Welsh block will see:

- A £0.4 billion (2.7%) overall reduction in cash terms.
- In real terms this equates to a £1.9 billion (11.3%) reduction overall.

¹ The Welsh Government's Draft Budget 2011-12 was published on 17 November 2010. This budget sets plans for the financial years 2011-12 to 2013-14. The budget documents can be accessed via the Welsh Government's website: [Draft Budget 2011-12](#). [accessed 8 Dec 2010]

² HM Treasury, [Spending Review 2010](#). [accessed 8 Dec 2010]

³ **Departmental expenditure limits (DEL)** - total spending limits for Government departments over a fixed period of time, excluding demand led and exceptionally volatile items. DELs are planned and set at Spending Reviews. This is split between resource and capital budgets. Most of the DEL is unencumbered and allows the Welsh Government full discretion over its spending priorities (known as the 'assigned' budget).

⁴ **Annually managed expenditure (AME)** - generally less predictable and controllable than expenditure in DEL and therefore not subject to firm multi-year limits, rather it is negotiated with HM Treasury on an annual basis. AME is demand led and must be allocated to the programme for which it is assigned. Further AME can be drawn down from HM Treasury if required, while any unspent portion will be reclaimed by HM Treasury.

⁵ **Figures in the SR 2010 are rounded to £0.1 billion, hence figures may not add. These reflect the published figures in the SR 2010 document.**

⁶ The 2010-11 baseline used by HM Treasury excludes one-off and time-limited expenditure and assumes that the Welsh Government defers 50 per cent of the cuts required for 2010-11 to 2011-12 as detailed in May 2010. For further details of these cuts, see Members' Research Service Quick Guide: [Impact of UK Spending Reductions on Wales](#) (May 2010) [accessed 8 Dec 2010]

- This consists of a 7.5 per cent real terms reduction in revenue, and a 41 per cent real terms reduction in capital.

The Secretary of State for Wales (Cheryl Gillan) said of the spending review:

No part of the UK can be immune from our share of the cuts made necessary by the deficit we inherited from the last Government, but this is a fair funding settlement for Wales. The Welsh Assembly Government is facing smaller cuts than most UK Government departments but, like everywhere else, tough decisions will have to be faced in Cardiff Bay. In the continued spirit of respect and partnership between our governments, I am committed to working the First Minister and Deputy First Minister to try to protect frontline services in Wales. I also welcome the reserved infrastructure projects announcement which will help support the Welsh economy and will be important for Wales's future growth.⁸

In response to the spending review the Minister for Business and Budget (Jane Hutt) stated:

The Spending Review means that Wales will receive the biggest cuts in its budget in at least a generation, and bigger than the reduction in any of the other devolved administration's budgets.

...by 2014-15 our capital budget will be lower in real terms than at any stage since the 1980s. The budget is slashed in the first year by more than 25% in real terms. This risks doing major damage to the economic recovery in Wales.

Overall our budget is facing a reduction of 0.8% per year in cash terms, or 3.1% per year in real terms. This means that by 2014-15 our budget will be 12% lower in real terms than this year.

The UK Government's decision to ignore the case for tacking underfunding in Wales contrasts with the approach to Scotland and Northern Ireland. Both of the other Devolved Administrations have received additional resources from the UK Government on top of their settlements.⁹

⁷ All real terms calculations shown in this brief have been calculated using HM Treasury's GDP deflators, as updated in September 2010. Note that the estimates for the GDP deflator at this time were 1.9% for 2011-12, 2.3% for 2012-13, and 2.6% for 2013-14. These have since been updated on 29 November 2010, see page 5 for details.

⁸ HM Treasury, [Spending Review 2010 Press Notices](#), Wales, 20 October 2010 [accessed 8 Dec 2010]

⁹ Welsh Assembly Government, Jane Hutt (Minister for Business and Budget), [The UK Government's spending Review of 20 October 2010](#), Cabinet Written Statement, 21 October 2010. [accessed 8 Dec 2010]

1.1. *The Barnett formula*

The allocation to the Welsh block in the SR 2010 has, as in previous years, been determined by the Barnett formula.¹⁰

In July 2010, the final report of the Holtham Commission was published.¹¹ This report, together with the Commission's interim report,¹² highlighted a number of issues in relation to the Barnett formula and recommended that it be replaced with a simple needs based formula. The interim report also identified some potential 'quick fixes' in the interest of fairness and transparency. Holtham also recommended that it would be appropriate to consider devolving limited taxation powers to the Welsh Government, as well as limited borrowing powers in order to finance capital investment.

The Welsh Government's Draft Budget 2011-12 narrative document states:

Of the devolved administrations, we have received the worst settlement on both our revenue and capital budgets. Treasury figures show that we have received an 11.3% reduction to our overall budget in real terms compared to reductions of 10.6% and 10.7% for Scotland and Northern Ireland respectively. These differences arise because of the arbitrary nature of the Barnett formula and serve to further demonstrate the need for reform. It is therefore vital that we continue to argue for the introduction of a funding floor as an urgent first step to mitigate the worst of this problem, followed by the introduction of a needs-based regime over the medium term.¹³

In November 2010, the Chief Secretary to HM Treasury (Danny Alexander) appeared before the National Assembly's Finance Committee. In relation to taxation and borrowing powers recommended by the Holtham Commission, he stated that:

If there is a consensus within Wales, and across the parties within the National Assembly, that would welcome those sorts of greater financial freedoms in relation to taxation and borrowing, along the sorts of lines that we are shortly to start legislating for in relation to Scotland, then I would respond positively to that.¹⁴

However, as detailed in the SR 2010¹⁵ these discussions would appear to be linked to the outcome of the legislative powers referendum in March 2011.

In relation to the Barnett formula, the Chief Secretary made it clear that:

...it is not the time to open up a debate about reforming the Barnett formula.

¹⁰ Further information on the operation of the Barnett Formula can be found in the Members' Research Service Quick Guide: [The Barnett Formula](#) [accessed 8 Dec 2010]

¹¹ Independent Commission on Funding and Finance for Wales, [Fairness and accountability: a new funding settlement for Wales](#), July 2010 [accessed 8 Dec 2010]

¹² Independent Commission on Funding and Finance for Wales, [Funding devolved government in Wales: Barnett & beyond](#), July 2009 [accessed 8 Dec 2010]

¹³ Welsh Government, [Draft Budget 2011-12 Narrative](#) page 4 [accessed 8 Dec 2010]

¹⁴ Finance Committee RoP [22 November 2010](#) [accessed 8 Dec 2010]

¹⁵ HM Treasury, [Spending Review 2010](#) page 70 [accessed 8 Dec 2010]

... our principal priority in terms of economic and fiscal policy is the need to tackle the deficit, to get public spending under control, and to ensure that the country has financial stability going forward over the next few years. I do not believe that this is the time to open up what would be a technical, detailed and lengthy discussion about replacing the Barnett formula.¹⁶

1.2. *The economic forecast*

The Office for Budget Responsibility (OBR) recently published its latest forecasts. This presents forecasts for the economy and public finances until 2015-16, and updates the previous forecast presented in June 2010 alongside the UK Government's Budget. The document stresses that there is:

...significant uncertainty around all economic and fiscal forecasts.¹⁷

The new forecast raises the estimate for GDP growth this year, from 1.2% to 1.8%, due to stronger growth than was expected since spring. However, in comparison to earlier forecasts, the growth for the next two years was lowered; 2.1% next year and 2.6% in 2012 (previously estimated at 2.3% and 2.8% respectively).

In contrast to these elevated projections for GDP. The latest statistics on regional gross value added (GVA) demonstrate that in 2009 the Wales GVA dropped 2.2 per cent in comparison to that in 2008. Welsh GVA per head dropped 2.5 per cent on 2008 to £14,842 per head, the lowest GVA per head of all the UK regions.¹⁸

In relation to general Government (public sector) employment, the OBR's June forecast estimated that this would fall by 490,000 over the next four years. This forecast has now been reduced to 330,000, as a result of reductions in planned public spending cuts. The forecast also estimates a further reduction of 80,000 in 2015-16 as a result of the planned freeze in public spending in that year.

With regard to inflation, the forecasts predict that CPI inflation will fall from 3.2 per cent in 2010 to 2.8% in 2011, and 1.9 per cent in 2012 as the short-term effects of the increase in the VAT rise and other temporary factors fall away.

¹⁶ Finance Committee RoP [22 November 2010](#) [accessed 8 Dec 2010]

¹⁷ Office for Budget Responsibility, [Economic and Fiscal Outlook](#), 29 November 2010 [accessed 8 Dec 2010]

¹⁸ Office for National Statistics, [Regional, sub-regional and local gross value added 2009](#), 8 December 2010 [accessed 8 Dec 2010]

Note that **all real terms calculations shown in this brief have been calculated using HM Treasury's GDP deflators** (as updated September 2010).

Note that the estimates for the GDP deflator used are:

- **1.9% for 2011-12:**
- **2.3% for 2012-13; and**
- **2.6% for 2013-14.**

Following the publication of the Draft Budget, the GDP deflators have been updated to reflect the revised economic forecast (29 November 2010). The revised figures are 2.5% for 2011-12; 2.2% for 2012-13; and 2.7% for 2013-14.

The calculations shown in this paper use the **previous estimated deflators** as detailed, as these were the figures available and quoted at the time of the SR 2010 and Draft Budget 2011-12.

This is important in considering the overall spending power of the Welsh Government, as an increase in inflation assumptions implies that a fixed amount of cash will buy a smaller quantity of goods and services. However, a further issue is whether these deflator forecasts adequately represent the cost pressures on the public sector, which may be more influenced by wage and contractor costs.

2. Welsh Government's approach to Draft Budget 2011-12

In the narrative document accompanying the Draft Budget 2011-12 it is stated that:

We have taken a distinctive Welsh approach in preparing our Draft Budget. We have been planning for a tough financial settlement for some time and that preparation has stood us in good stead. It has enabled us to reach principled, fair and sound decisions in setting our Draft Budget. Our approach has been informed by the principles that shaped our work when budgets were increasing, which have at their heart our commitment to fairness and our vision for Wales as a self-confident, sustainable and healthy nation. Our commitment to the principles of sustainable development and alleviating the impacts of climate change underpin the development of this Draft Budget.

In determining our strategic priorities, the focus has been on protecting frontline services, protecting the vulnerable, promoting equality of opportunity and outcomes, as well as supporting the economic recovery wherever possible. With reducing budgets, this is a difficult task and difficult choices have had to be made. We have approached these choices on the basis of the best evidence available and have assessed the equality impact of our decisions throughout the process in order to ensure that our spending plans maximise opportunities to meet the needs of people and communities most likely to be adversely affected by the Spending Review.¹⁹

In addition to the strategic priorities outlined above, the Welsh Government also made a commitment to protect investment in schools, skills and secondary and community healthcare, and to maintain universal benefits such as free prescriptions, free school milk and breakfasts, concessionary bus travel and free swimming. In line with these priorities the Draft Budget 2011-12:

- Protects revenue funding for schools and skills by one per cent above the overall change to the Welsh budget;
- Protects the overall Health and Social Services revenue funding from cash reductions;
- Protects the social services element of local government funding; and
- Increases the budget for universal services by 3.7 per cent over the budget period.

¹⁹ Welsh Government, [Draft Budget 2011-12 Narrative](#) page 1 [accessed 8 Dec 2010]

3. Overview of the Welsh block

Schedule 6 of the Draft Budget proposals²⁰ shows the resources made available by HM Treasury for the Welsh block, this is summarised in [table 1](#). This shows the total Welsh block for 2011-12 as **£15.3 billion**.

Table 1: Resources made available by HM Treasury for the Welsh block for 2011-12

	<i>£ millions</i>		
	DEL	AME	Total
Revenue	13,706	106	13,812
Capital	1,268	218	1,486
Total	14,974	324	15,298

Source: Schedule 6 of Welsh Government Draft Budget 2011-12

[Table 2](#) below shows total managed expenditure (TME)²¹ within the Welsh block (i.e. allocations to Welsh Government departments, plus provision for the Assembly Commission, Auditor General, Public Services Ombudsman and reserves).

It should be noted that the figures quoted by the Welsh Government for the 2010-11 baseline are taken from the Supplementary Budget 2010-11 as laid before the National Assembly in June 2010,¹ adjusted to remove non-recurrent in year allocations.

The TME within the Welsh Block for 2011-12 is £15.3 billion, representing a decrease of £542 million (3.4%) on that for 2010-11. In real terms this represents a reduction of £827 million (5.2%).

Over the years 2010-11 to 2013-14 there is an overall decrease of £455 million (2.9%) in TME in the Welsh block; in real terms this represents a £1.4 billion (9.2%) reduction.

²⁰ Welsh Government, [Draft Budget Proposals 2011-12](#), Schedule 6 [accessed 8 Dec 2010]

²¹ **Total managed expenditure (TME)** represents revenue and capital spending of the public sector and consists of departmental expenditure limits (DEL) and annually managed expenditure (AME).

Table 2: Total managed expenditure (TME) in the Welsh block 2010-11 to 2011-12 and cumulative change 2010-11 to 2013-14

Main Expenditure Group	2010-11 Supplementary Budget	2011-12 Draft Budget New Plans	Change 2010- 11 to 11-12	Change 2010- 11 to 11-12	Real terms change 2010- 11 to 2011-12	Real terms change 2010-11 to 2011-12	Cumulative change 2010- 11 to 2013-14	Cumulative change 2010- 11 to 2013- 14	Real terms cumulative change 2010- 11 to 2013-14	Real terms cumulative change 2010- 11 to 2013- 14
	£000	£000	£000	per cent	£000	per cent	£000	per cent	£000	per cent
Total Welsh Government TME allocations	15,321,636	15,017,082	-304,554	-2.0	-584,558	-3.8	-424,757	-2.8	-1,393,337	-9.1
Revenue Reserves	187,219	164,148	-23,071	-12.3	-26,132	-14.0	187,809	100.3	163,425	87.3
Capital reserves	266,619	50,448	-216,171	-81.1	-217,112	-81.4	-216,170	-81.1	-219,450	-82.3
Assembly Commission	46,227	48,822	2,595	5.6	1,685	3.6	-1,206	-2.6	-4,133	-8.9
Auditor General for Wales	5,047	4,853	-194	-3.8	-284	-5.6	-194	-3.8	-510	-10.1
Public Services Ombudsman for Wales	4,166	3,962	-204	-4.9	-278	-6.7	-206	-4.9	-463	-11.1
Direct Charges	675	675	0	0.0	-13	-1.9	0	0.0	-44	-6.5
Total Wales TME	15,831,589	15,289,990	-541,599	-3.4	-826,692	-5.2	-454,724	-2.9	-1,454,512	-9.2

Source: Members' Research Service calculations from Welsh Government Draft Budget 2011-12.

The figures for 2010-11 revenue and capital reserves shown in this table **do not match those published in the draft budget** document. This is because the published figures have not been restated in the same way as all other 2010-11 baseline figures. The figures shown here have been restated to adjust reserves back to the level prior to the Supplementary Budget 2010-11, in line with restatements of non-recurrent in year allocations made to the 2010-11 baseline, and were obtained from the Welsh Government. However, this means that **caution should be exercised in making year on year comparisons between reserves.**

4. Overview of Welsh Government departmental allocations

As can be seen from [table 2](#) the TME allocated to the Welsh Government departments (i.e. that provision for the main expenditure groups) for 2011-12 is £15 billion, 98 per cent of the total Welsh block.

In comparison to 2010-11 this represents a decrease of £305 million (2.0%). In real terms this represents a £585 million (3.8%) decrease.

Over the years 2010-11 to 2013-14 there is an overall decrease of £425 million (2.8%) in TME allocated to Welsh Government departments; in real terms this represents a £1.4 billion (9.1%) reduction.

4.1. Total DEL

[Table 3](#) shows the total DEL (revenue plus capital) allocated to Welsh Government departments. From this it can be seen that total DEL changes over the budget period as follows:

- 2010-11 to 2011-12: reduction of £326.8 million (2.2%); representing a real terms reduction of £600.8 million (4.0%);
- 2011-12 to 2012-13: reduction of £96.1 million (0.7%); representing a real terms reduction of £424.3 million (2.9%);
- 2012-13 to 2013-14: reduction of £48.9 million (0.3%); representing a real terms reduction of £417.6 million (2.9%);
- Over the budget period there is a cumulative reduction of £471.8 million (3.1%); representing a real terms reduction of £1,417.8 million (9.4%).

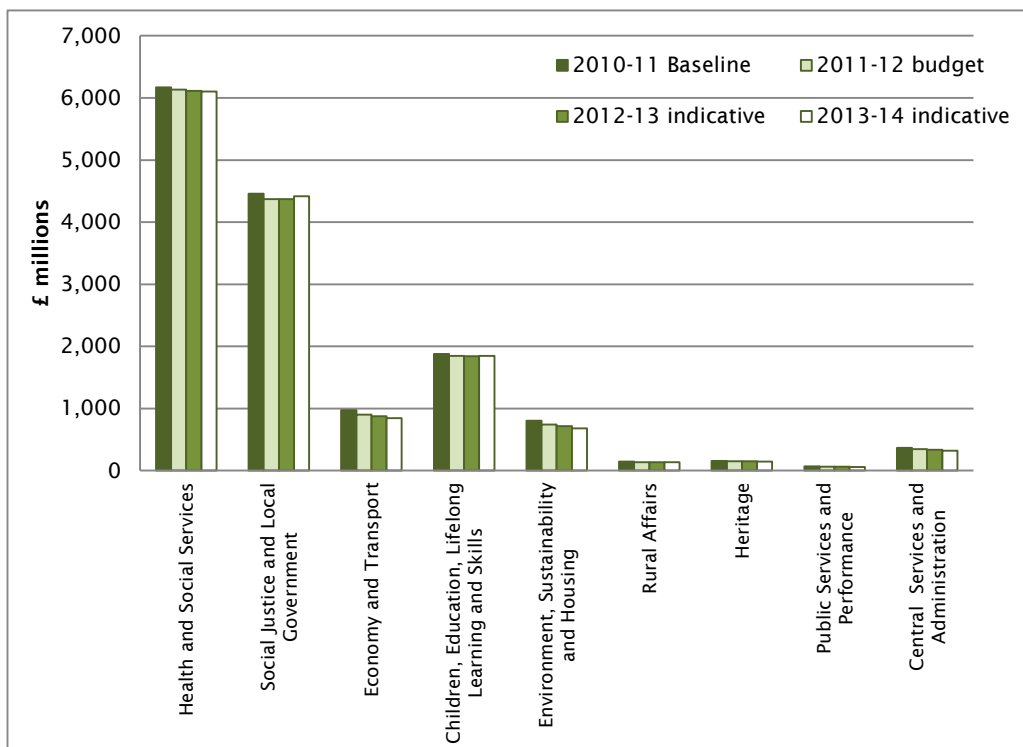
[Figure 1](#) shows the total DEL allocations between the main expenditure groups over the period covered by the draft budget (2010-11 to 2013-14).

[Figure 2](#) shows the year on year percentage changes in the main expenditure groups total DEL plotted against the overall total DEL change (2.2% reduction) across all portfolios. From this it can be seen that only the Health and Social Services; Children, Education, Lifelong Learning and Skills and Social Justice and Local Government portfolios have seen reductions of a smaller scale than the overall change across all portfolios. The greatest percentage reduction in total DEL can be seen in Public Services and Performance.

[Table 4](#) shows the proportion of the total DEL allocated to each main expenditure group. This demonstrates that Health and Social Services is the portfolio with the

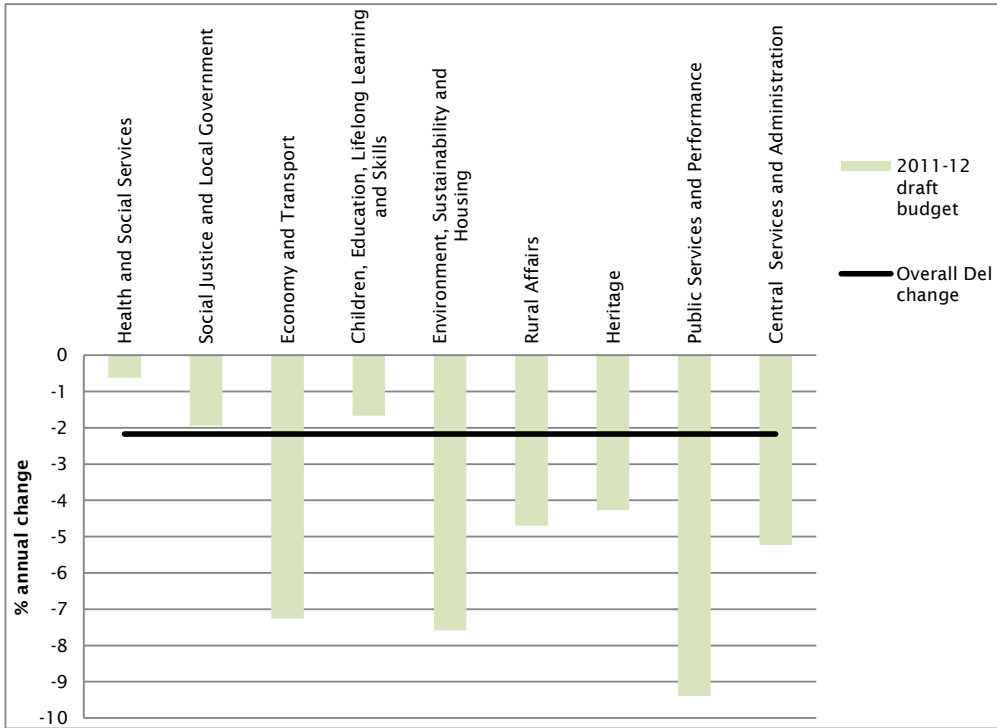
largest allocation, representing 42 per cent of total DEL, followed by Social Justice and Local Government with 30 per cent, Children, Education, Lifelong Learning and Skills with 13 per cent and Economy and Transport with 6 per cent.

Figure 1: Total DEL by portfolio in cash terms, 2010-11 to 2013-14



Source: Members' Research Service calculations from Welsh Government Draft Budget 2011-12.

Figure 2: Percentage change in total DEL by portfolio in cash terms



Source: Members' Research Service calculations from Welsh Government Draft Budget 2011-12.

Table 3: Total DEL allocated to Welsh Government, 2010-11 to 2011-12 and cumulative change 2010-11 to 2013-14

Main Expenditure Group	2010-11 Supplementary Budget	2011-12 Draft Budget New Plans	Change 2010- 11 to 11-12	Change 2010- 11 to 11-12	Real terms change 2010- 11 to 2011-12	Real terms change 2010-11 to 2011-12	Cumulative change 2010- 11 to 2013-14	Cumulative change 2010- 11 to 2013- 14	Real terms cumulative change 2010- 11 to 2013-14	Real terms cumulative change 2010- 11 to 2013- 14
	£000	£000	£000	per cent	£000	per cent	£000	per cent	£000	per cent
Health & Social Services	6,170,809	6,132,587	-38,222	-0.6	-152,569	-2.5	-69,694	-1.1	-466,382	-7.6
Social Justice & Local Government	4,459,941	4,373,218	-86,723	-1.9	-168,265	-3.8	-42,392	-1.0	-329,616	-7.4
Economy & Transport	973,730	903,042	-70,688	-7.3	-87,526	-9.0	-126,810	-13.0	-181,876	-18.7
Children, Education, Lifelong Learning & Skills	1,878,043	1,846,817	-31,226	-1.7	-65,661	-3.5	-29,023	-1.5	-149,244	-7.9
Environment, Sustainability & Housing	801,743	740,953	-60,790	-7.6	-74,606	-9.3	-123,618	-15.4	-167,709	-20.9
Rural Affairs	143,289	136,556	-6,733	-4.7	-9,279	-6.5	-9,395	-6.6	-18,101	-12.6
Heritage	157,584	150,850	-6,734	-4.3	-9,547	-6.1	-10,551	-6.7	-20,111	-12.8
Public Services & Performance	70,393	63,782	-6,611	-9.4	-7,800	-11.1	-13,344	-19.0	-17,053	-24.2
Central Services & Administration	365,621	346,499	-19,122	-5.2	-25,583	-7.0	-46,968	-12.8	-67,686	-18.5
Total Welsh Government DEL Allocations	15,021,153	14,694,304	-326,849	-2.2	-600,835	-4.0	-471,795	-3.1	-1,417,779	-9.4

Source: Members' Research Service calculations from Welsh Government Draft Budget 2011-12.

Table 4: Proportion of total DEL allocation to each main expenditure group

Main Expenditure Group	Percentage of total DEL allocations			
	2010-11	2011-12	2012-13	2013-14
Health & Social Services	41.1	41.7	41.9	41.9
Social Justice & Local Government	29.7	29.8	30.0	30.4
Economy & Transport	6.5	6.1	6.0	5.8
Children, Education, Lifelong Learning & Skills	12.5	12.6	12.6	12.7
Environment, Sustainability & Housing	5.3	5.0	4.9	4.7
Rural Affairs	1.0	0.9	0.9	0.9
Heritage	1.0	1.0	1.0	1.0
Public Services & Performance	0.5	0.4	0.4	0.4
Central Services & Administration	2.4	2.4	2.3	2.2
Total Welsh Government DEL Allocations	100.0	100.0	100.0	100.0

Source: Members' Research Service calculations from Welsh Government Draft Budget 2011-12.

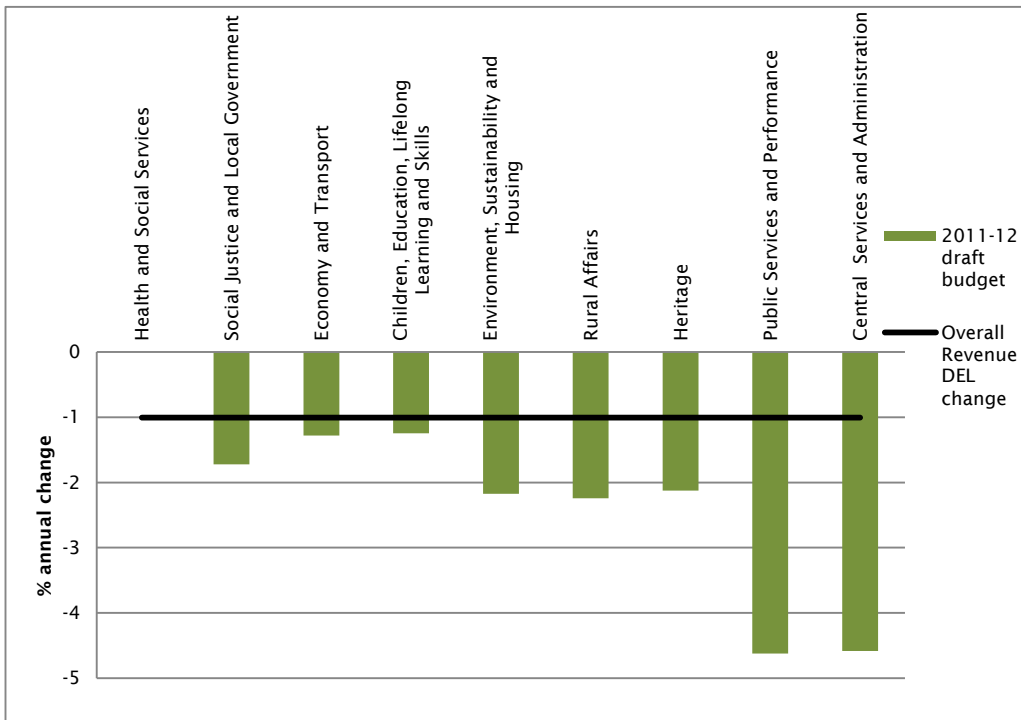
4.2. Revenue DEL

[Table 5](#) shows the revenue DEL allocated to Welsh Government departments. From this it can be seen that revenue DEL changes over the budget period as follows:

- 2010-11 to 2011-12: reduction of £137.1 million (1.0%); representing a real terms reduction of £388.5 million (2.9%);
- 2011-12 to 2012-13: reduction of £16.8 million (0.1%); representing a real terms reduction of £319.5 million (2.4%);
- 2012-13 to 2013-14: increase of £74.7 million (0.6%); representing a real terms reduction of £268.3 million (2%);
- Over the budget period there is a cumulative reduction of £79.2 million (0.6%); representing a real terms reduction of £959.4 million (7%).

[Figure 3](#) shows the year on year percentage changes in the main expenditure groups' revenue DEL, plotted against the overall revenue DEL change (1 per cent reduction) across all portfolios. From this it can be seen that only the Health and Social Services portfolio has seen reductions of a smaller scale than the overall change across all portfolios. This is because its revenue budget has been protected in cash terms. The greatest percentage reduction in revenue budget can be seen in Public Services and Performance.

Figure 3: Percentage change in revenue DEL by portfolio in cash terms



Source: Members' Research Service calculations from Welsh Government Draft Budget 2011-12.

Table 5: Revenue DEL allocated to Welsh Government, 2010-11 to 2011-12 and cumulative change 2010-11 to 2013-14

Main Expenditure Group	2010-11 Supplementary Budget	2011-12 Draft Budget New Plans	Change 2010- 11 to 11-12	Change 2010- 11 to 11-12	Real terms change 2010- 11 to 2011-12	Real terms change 2010-11 to 2011-12	Cumulative change 2010- 11 to 2013-14	Cumulative change 2010- 11 to 2013- 14	Real terms cumulative change 2010- 11 to 2013-14	Real terms cumulative change 2010- 11 to 2013- 14
	£000	£000	£000	per cent	£000	per cent	£000	per cent	£000	per cent
Health & Social Services	5,867,797	5,867,797	0	0.0	-109,409	-1.9	13,768	0.2	-368,645	-6.3
Social Justice & Local Government	4,406,846	4,330,899	-75,947	-1.7	-156,700	-3.6	-24,386	-0.6	-309,329	-7.0
Economy & Transport	597,490	589,848	-7,642	-1.3	-18,640	-3.1	-10,253	-1.7	-48,435	-8.1
Children, Education, Lifelong Learning & Skills	1,694,551	1,673,464	-21,087	-1.2	-52,290	-3.1	10,735	0.6	-100,141	-5.9
Environment, Sustainability & Housing	383,750	375,409	-8,341	-2.2	-15,341	-4.0	-12,700	-3.3	-36,825	-9.6
Rural Affairs	126,560	123,722	-2,838	-2.2	-5,145	-4.1	-4,222	-3.3	-12,176	-9.6
Heritage	138,962	136,007	-2,955	-2.1	-5,491	-4.0	-4,236	-3.0	-12,996	-9.4
Public Services & Performance	48,968	46,705	-2,263	-4.6	-3,134	-6.4	-6,078	-12.4	-8,867	-18.1
Central Services & Administration	350,588	334,517	-16,071	-4.6	-22,308	-6.4	-41,870	-11.9	-61,943	-17.7
Total Welsh Government Revenue DEL Allocations	13,615,512	13,478,368	-137,144	-1.0	-388,458	-2.9	-79,242	-0.6	-959,356	-7.0

Source: Members' Research Service calculations from Welsh Government Draft Budget 2011-12

4.3. Capital DEL

The narrative accompanying the Draft Budget 2011-12 states:

We are deeply concerned about the scale of the cuts to capital budgets imposed by the UK Government. We believe that continuing capital investment is vital to leading Wales' economic recovery. In determining our priorities for capital investment in future years, all capital projects have been assessed against their contribution to meeting *One Wales* commitments, while protecting the vulnerable and providing economic stimulus. Their impact on the Welsh Assembly Government's sustainability and equality principles has also been a key consideration.²²

[Table 6](#) shows the capital DEL allocated to Welsh Government departments. From this it can be seen that capital DEL changes over the budget period as follows:

- 2010-11 to 2011-12: reduction of £189.7 million (13.5%); representing a real terms reduction of £212.4 million (15.1%);
- 2011-12 to 2012-13: reduction of £79.2 million (6.5%); representing a real terms reduction of £104.8 million (8.6%);
- 2012-13 to 2013-14: reduction of £123.6 million (10.9%); representing a real terms reduction of £149.3 million (13.1%);
- Over the budget period there is a cumulative reduction of £392.6 million (27.9%); representing a real terms reduction of £458.4 million (32.6%).

[Figure 4](#) shows the year on year percentage changes in the main expenditure groups' capital DEL, plotted against the overall capital DEL change (13.5% reduction) across all portfolios. From this it can be seen that the Health and Social Services, Children, Education, Lifelong Learning and Skills and Environment, Sustainability and Housing portfolios have seen reductions of a smaller scale than the overall change across all portfolios. The Rural Affairs portfolio has seen the greatest percentage reduction in its capital budget.

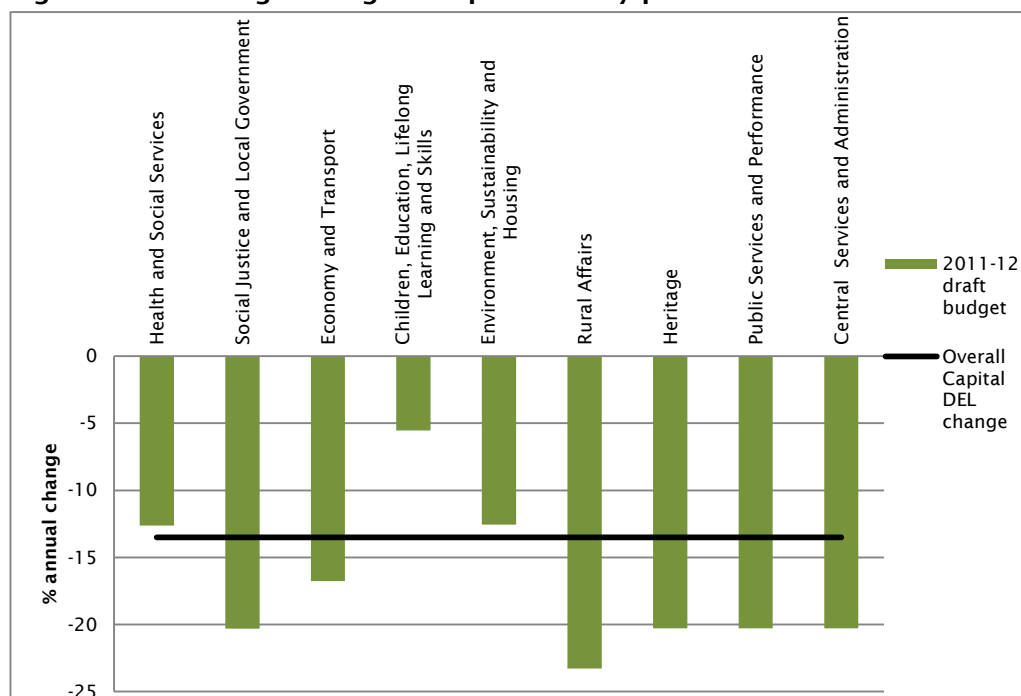
²² Welsh Government, [Draft Budget 2011-12 Narrative](#) page 26 [accessed 8 Dec 2010]

Table 6: Capital DEL allocated to Welsh Government, 2010-11 to 2011-12 and cumulative change 2010-11 to 2013-14

Main Expenditure Group	2010-11 Supplementary Budget	2011-12 Draft Budget New Plans	Change 2010- 11 to 11-12	Change 2010- 11 to 11-12	Real terms change 2010- 11 to 2011-12	Real terms change 2010-11 to 2011-12	Cumulative change 2010- 11 to 2013-14	Cumulative change 2010- 11 to 2013- 14	Real terms cumulative change 2010- 11 to 2013-14	Real terms cumulative change 2010- 11 to 2013- 14
	£000	£000	£000	per cent	£000	per cent	£000	per cent	£000	per cent
Health & Social Services	303,012	264,790	-38,222	-12.6	-43,159	-14.2	-83,462	-27.5	-97,737	-32.3
Social Justice & Local Government	53,095	42,319	-10,776	-20.3	-11,565	-21.8	-18,006	-33.9	-20,287	-38.2
Economy & Transport	376,240	313,194	-63,046	-16.8	-68,886	-18.3	-116,557	-31.0	-133,441	-35.5
Children, Education, Lifelong Learning & Skills	183,492	173,353	-10,139	-5.5	-13,371	-7.3	-39,758	-21.7	-49,103	-26.8
Environment, Sustainability & Housing	417,993	365,544	-52,449	-12.5	-59,265	-14.2	-110,918	-26.5	-130,884	-31.3
Rural Affairs	16,729	12,834	-3,895	-23.3	-4,134	-24.7	-5,173	-30.9	-5,924	-35.4
Heritage	18,622	14,843	-3,779	-20.3	-4,056	-21.8	-6,315	-33.9	-7,115	-38.2
Public Services & Performance	21,425	17,077	-4,348	-20.3	-4,666	-21.8	-7,266	-33.9	-8,187	-38.2
Central Services & Administration	15,033	11,982	-3,051	-20.3	-3,274	-21.8	-5,098	-33.9	-5,744	-38.2
Total Welsh Government Capital DEL Allocations	1,405,641	1,215,936	-189,705	-13.5	-212,377	-15.1	-392,553	-27.9	-458,423	-32.6

Source: Members' Research Service calculations from Welsh Government Draft Budget 2011-12.

Figure 4: Percentage change in capital DEL by portfolio in cash terms



Source: Members' Research Service calculations from Welsh Government Draft Budget 2011-12.

4.4. *Annually managed expenditure (AME)*

Annually managed expenditure (AME) is generally more volatile than expenditure in DEL and therefore not subject to firm multi-year limits, rather it is negotiated with HM Treasury on an annual basis. AME is demand led and must be allocated to the programme for which it is assigned. Further AME can be drawn down from HM Treasury if required, while any unspent portion will be reclaimed by HM Treasury. Due to the nature of AME, the Welsh Government has little discretion over its allocation.

[Table 7](#) shows the AME allocated to the Welsh Government's departments in 2011-12 is £322.8 million, representing an increase of 7.4% on that for 2010-11. In real terms this represents a 5.4% increase. Due to the volatile, demand-led nature of AME, the indicative plans shown for future years may be subject to significant change.

Table 7: AME allocated to Welsh Government, 2010-11 to 2011-12 and cumulative change 2010-11 to 2013-14

Main Expenditure Group	2010-11 Supplementary Budget	2011-12 Draft Budget New Plans	Change 2010- 11 to 11-12	Change 2010- 11 to 11-12	Real terms change 2010- 11 to 2011-12	Real terms change 2010-11 to 2011-12	Cumulative change 2010- 11 to 2013-14	Cumulative change 2010- 11 to 2013- 14	Real terms cumulative change 2010- 11 to 2013-14	Real terms cumulative change 2010- 11 to 2013- 14
	£000	£000	£000	per cent	£000	per cent	£000	per cent	£000	per cent
Health & Social Services	118,948	118,948	0	0.0	-2,218	-1.9	0	0.0	-7,734	-6.5
Social Justice & Local Government	11,677	13,583	1,906	16.3	1,653	14.2	1,906	16.3	1,023	8.8
Economy & Transport	41,402	41,402	0	0.0	-772	-1.9	0	0.0	-2,692	-6.5
Children, Education, Lifelong Learning & Skills	203,398	217,656	14,258	7.0	10,200	5.0	23,118	11.4	8,390	4.1
Environment, Sustainability & Housing	-77,000	-72,000	5,000	-6.5	6,342	-8.2	22,000	-28.6	25,576	-33.2
Rural Affairs	0	0	0	0.0	0	0.0	0	0.0	0	0.0
Heritage	2,058	2,265	207	10.1	165	8.0	682	33.1	504	24.5
Public Services & Performance	0	0	0	0.0	0	0.0	0	0.0	0	0.0
Central Services & Administration	0	924	924	..	907	..	-668	..	-625	..
Total Welsh Government AME Allocations	300,483	322,778	22,295	7.4	16,277	5.4	47,038	15.7	24,443	8.1

Source: Members' Research Service calculations from Welsh Government Draft Budget 2011-12.

5. Health and Social Services (HSS)

[Table 8](#) provides information on allocations proposed within the Health and Social Services (HSS) main expenditure group (MEG). Figures [5](#) and [6](#) show the percentage changes in revenue and capital DEL in 2011-12 and the cumulative changes to 2013-14.

In the report accompanying the Draft Budget 2011-12 it is stated that:

We will protect the level of health funding for core health services in cash terms. The NHS cannot be immune from the need to make efficiency savings. It has an excellent track record in this regard, having delivered £850m in savings over the previous four years. It will need to continue to make efficiencies to meet unavoidable increases in costs.²³

Later in the report it is stated that:

...it is planned to save £40m or 20% on management costs by 2013-14, reducing them from 4.2% of total cost to 3.4%.²⁴

In her paper to the Health, Wellbeing and Local Government committee the Minister for Health and Social Services (Edwina Hart) states that sustaining the level of efficiencies will be done through:

...the on going development and implementation of integrated service, workforce and financial plans.²⁵

Total DEL

- 2010-11 to 2011-12: reduction of £38.2 million (0.6%); representing a real terms reduction of £152 million (2.5%);
- 2011-12 to 2012-13: reduction of £18.5 million (0.3%); representing a real terms reduction of £156 million (2.5%);
- 2012-13 to 2013-14: reduction of £13 million (0.2%); representing a real terms reduction of £167.6 million (2.7%);
- Over the budget period there is a cumulative reduction of £69.7 million (1.1%); representing a real terms reduction of £466.4 million (7.6%).

Revenue DEL

- 2010-11 to 2011-12: protected in cash terms; representing a real terms reduction of £109.4 million (1.9%);

²³ Welsh Government, [Draft Budget 2011-12 Narrative](#) page 34-35 [accessed 8 Dec 2010]

²⁴ Welsh Government, [Draft Budget 2011-12 Narrative](#) page 36-37 [accessed 8 Dec 2010]

²⁵ Health, Wellbeing & Local Government Committee Paper [HWLG\(3\)-19-10 : Paper 2 : Scrutiny Session on Draft Budget - Evidence from the Minister for Health & Social Services](#) [accessed 8 Dec 2010]

- 2011-12 to 2012-13: protected in cash terms; representing a real terms reduction of £131.9 million (2.2%);
- 2012-13 to 2013-14: increase of £13.8 million (0.2%); representing a real terms reduction of £135.3 million (2.3%);
- Over the budget period there is a cumulative increase of £13.8 million (0.2%); representing a real terms reduction of £368.6 million (6.3%).

Capital DEL

- 2010-11 to 2011-12: reduction of £38.2 million (12.6%); representing a real terms reduction of £43.2 million (14.2%);
- 2011-12 to 2012-13: reduction of £18.5 million (7%); representing a real terms reduction of £24 million (9.1%);
- 2012-13 to 2013-14: reduction of £26.7 million (10.9%); representing a real terms reduction of £32.3 million (13.1%);
- Over the budget period there is a cumulative reduction of £83.5 million (27.5%); representing a real terms reduction of £97.7 million (32.3%).

Changes within the MEG in 2011-12

This section details the main changes within the HSS MEG at the spending programme area (SPA) and action level, as detailed in the expenditure allocations tables accompanying the Draft Budget 2011-12.²⁶ Note that where explanations are provided below for changes, these have been sourced from the Minister's paper to the Health, Wellbeing and Local Government Committee,²⁷ or the Draft Budget 2011-12 narrative document.²⁸

- The greatest cash increase in revenue DEL is within the NHS Delivery action/SPA, which sees an increase of £19.5 million, or 0.4% in cash terms. This is stated to represent the reprioritisation of centrally held budgets to support the delivery of frontline health services.
- The greatest percentage increase in revenue DEL is seen in the Adults and Older People action within the Social Services SPA. This sees an increase of 11.5%, or £5.3 million in cash terms. This reflects a transfer of funding from the Social Services Strategy action (which sees a corresponding reduction of £5.5 million, or 20.2% in cash terms) for the implementation of the Measure on Charging for Home Care through the revenue support grant.

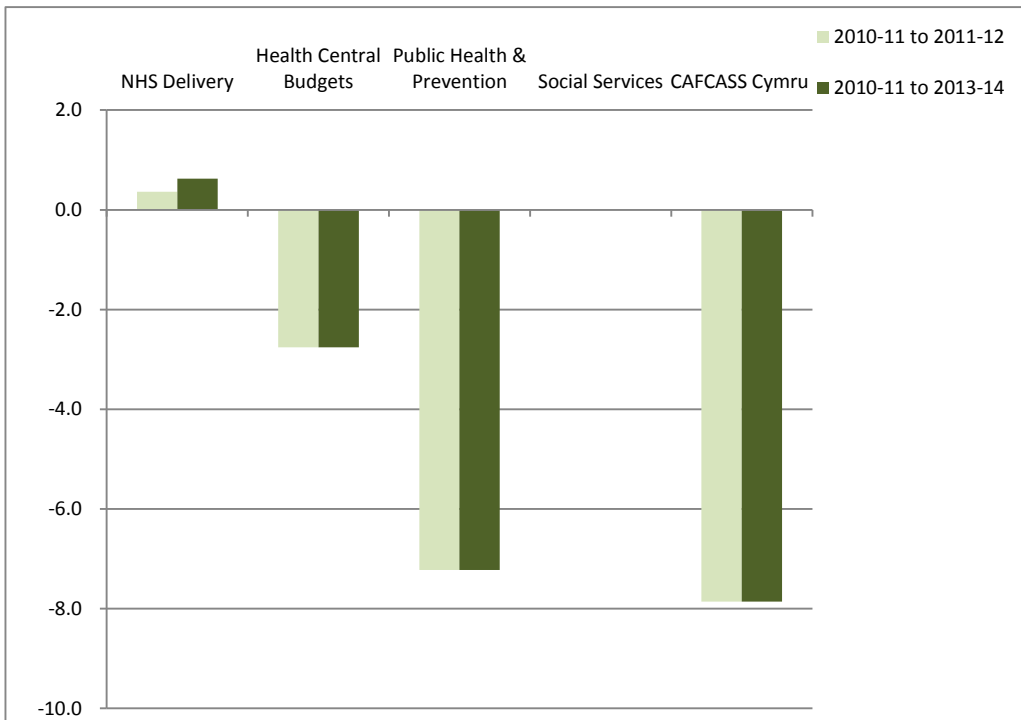
²⁶ Welsh Government, [Draft Budget 2011-12 Expenditure Allocations](#) [accessed 8 Dec 2010]

²⁷ Health, Wellbeing & Local Government Committee Paper [HWLG\(3\)-19-10 : Paper 2 : Scrutiny Session on Draft Budget - Evidence from the Minister for Health & Social Services](#) [accessed 8 Dec 2010]

²⁸ Welsh Government, [Draft Budget 2011-12 Narrative](#) pages 33-38 [accessed 8 Dec 2010]

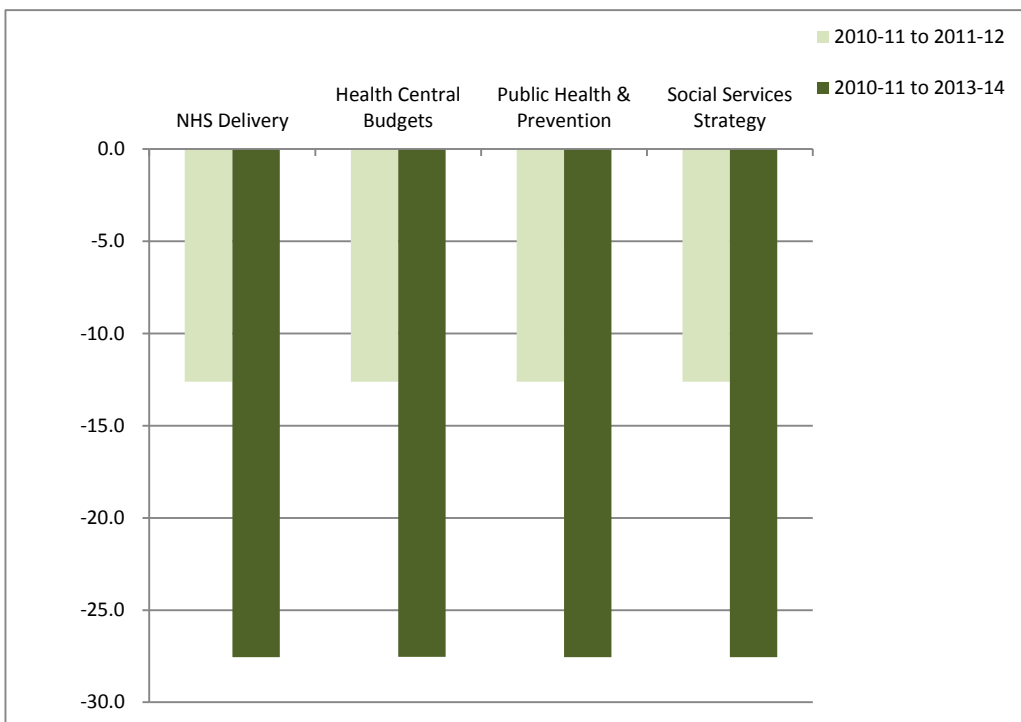
- The greatest reduction in revenue DEL (in both cash and percentage terms) is seen in the Effective Health Emergency Preparedness Arrangements action within the Public Health and Prevention SPA. This sees a reduction of £13 million, or 68.8% in cash terms. This is stated to be primarily due to funding for the write-off of antiviral stock which is not expected to be required in 2011-12 and is being redirected to meet other pressures within the MEG.
- In relation to capital DEL, all actions see a 12.6% reduction in cash terms, with the exception of the Care Council for Wales which has an 8% reduction. This is due to the fact that this action has a relatively small capital allocation of only £25,000 in 2010-11, reducing to £23,000 in 2011-12.
- Of the capital DEL reductions the most significant in cash terms is the NHS Delivery action/SPA, which is reduced by £35.7 million. This is the funding for the All Wales Capital Programme.

Figure 5: Percentage change in HSS revenue DEL (cash terms)



Source: Members' Research Service calculations from Welsh Government Draft Budget 2011-12.

Figure 6: Percentage change in HSS capital DEL (cash terms)



Source: Members' Research Service calculations from Welsh Government Draft Budget 2011-12.

Table 8: Health and Social Services MEG 2010-11 to 2011-12 and cumulative change 2010-11 to 2013-14

Spending programme area	2010-11	2011-12	Change 2010-11 to 11-12		Real terms change 2010-11 to 2011-12		Cumulative change 2010-11 to 2013-14		Real terms cumulative change 2010-11 to 2013-14	
	Supplementary Budget	Draft Budget New Plans	£000	per cent	£000	per cent	£000	per cent	£000	per cent
REVENUE DEL										
NHS Delivery	5,332,150	5,351,604	19,454	0.4	-80,331	-1.5	33,223	0.6	-315,628	-5.9
Health Central Budgets	264,914	257,615	-7,299	-2.8	-12,102	-4.6	-7,299	-2.8	-24,049	-9.1
Public Health & Prevention	167,711	155,592	-12,119	-7.2	-15,020	-9.0	-12,120	-7.2	-22,236	-13.3
Social Services	102,564	102,564	0	0.0	-1,912	-1.9	0	0.0	-6,669	-6.5
CAFCASS Cymru	458	422	-36	-7.9	-44	-9.6	-36	-7.9	-63	-13.9
Total revenue DEL	5,867,797	5,867,797	0	0.0	-109,409	-1.9	13,768	0.2	-368,645	-6.3
CAPITAL DEL										
NHS Delivery	283,310	247,573	-35,737	-12.6	-40,353	-14.2	-78,035	-27.5	-91,382	-32.3
Health Central Budgets	7,000	6,117	-883	-12.6	-997	-14.2	-1,928	-27.5	-2,258	-32.3
Public Health & Prevention	6,200	5,418	-782	-12.6	-883	-14.2	-1,708	-27.5	-2,000	-32.3
Social Services Strategy	6,502	5,682	-820	-12.6	-926	-14.2	-1,791	-27.5	-2,097	-32.3
Total Capital DEL	303,012	264,790	-38,222	-12.6	-43,159	-14.2	-83,462	-27.5	-97,737	-32.3
AME - Revenue										
NHS Impairments	118,948	118,948	0	0.0	-2,218	-1.9	0	0.0	-7,734	-6.5
TOTAL AME	118,948	118,948	0	0.0	-2,218	-1.9	0	0.0	-7,734	-6.5
Revenue DEL	5,867,797	5,867,797	0	0.0	-109,409	-1.9	13,768	0.2	-368,645	-6.3
Capital DEL	303,012	264,790	-38,222	-12.6	-43,159	-14.2	-83,462	-27.5	-97,737	-32.3
Total DEL	6,170,809	6,132,587	-38,222	-0.6	-152,569	-2.5	-69,694	-1.1	-466,382	-7.6
AME	118,948	118,948	0	0.0	-2,218	-1.9	0	0.0	-7,734	-6.5
TOTAL HSS	6,289,757	6,251,535	-38,222	-0.6	-154,786	-2.5	-69,694	-1.1	-474,116	-7.5

Source: Members' Research Service calculations from Welsh Government Draft Budget 2011-12.

6. Social Justice and Local Government (SJLG)

[Table 9](#) provides information on allocations proposed within the Social Justice and Local Government (SJLG) MEG. Figures [7](#) and [8](#) show the percentage changes in revenue and capital DEL in 2011-12 and the cumulative changes to 2013-14.

In the report accompanying the Draft Budget 2011-12 it is stated that the elements of **funding for education and social services in the RSG have been protected at 1% (in cash terms) above changes in the Welsh DEL.**²⁹ The report also states that:

The need for the Department and partner organisations to realise real terms efficiencies has been central to the budget setting process and is closely linked to the management of the overall budget reduction and the maintenance of frontline services. The Department has undertaken a line by line evaluation of all budgets over the past 12 months in order to identify savings and opportunities to redeploy resources to priority areas.³⁰

The report goes on to state that:

For 2011-12 the Department is required to find revenue savings of some £76m. While Welsh local government is poised for the enormous challenges ahead, there is little doubt that real term reductions to the local government funding over the next three years will mean that extremely difficult decisions will need to be taken by local authorities when setting their own budgets.³¹

In his paper to the Health, Wellbeing and Local Government Committee, the Minister states:

The local government revenue and capital elements account for around 97% of the entire SJLG MEG. Providing local government with a fair and equitable settlement during a period of fiscal constraint is therefore a key priority.³²

The Provisional Local Government Settlement³³ was published on 23 November 2010. This states that the revenue support grant (RSG) for 2011-12 will be set at £4.0 billion, a **cash reduction of 1.4% on 2010-11** when adjusted for transfers. This equates to a **real terms reduction of £131.9 million, or 3.2%**. The settlement also details that provision for the General Capital Fund in 2011-12 will remain at £20 million, the same level as for 2010-11, representing a **real terms reduction of 1.9%**.

²⁹ Welsh Government, [Draft Budget 2011-12 Narrative](#) page 40 [accessed 8 Dec 2010]

³⁰ Welsh Government, [Draft Budget 2011-12 Narrative](#) page 43 [accessed 8 Dec 2010]

³¹ Welsh Government, [Draft Budget 2011-12 Narrative](#) page 44 [accessed 8 Dec 2010]

³² Health, Wellbeing & Local Government Committee Paper [HWLG\(3\)-19-10 : Paper 1 : Scrutiny Session on Draft Budget - Evidence from Minister for Social Justice and Local Government](#) [accessed 8 Dec 2010]

³³ Welsh Government, [Provisional Local Government Revenue and Capital Settlement 2011-12](#), 23 November 2010 [accessed 8 Dec 2010]

Total DEL

- 2010-11 to 2011-12: reduction of £86.7 million (1.9%); representing a real terms reduction of £168.3 million (3.8%);
- 2011-12 to 2012-13: reduction of £0.6 million; representing a real terms reduction of £98.9 million (2.3%);
- 2012-13 to 2013-14: increase of £44.9 million (1.0%); representing a real terms reduction of £67 million (1.5%);
- Over the budget period there is a cumulative reduction of £42.3 million (1.0%); representing a real terms reduction of £329.6 million (7.4%).

Revenue DEL

- 2010-11 to 2011-12: reduction of £75.9 million (1.7%); representing a real terms reduction of £156.7 million (3.6%);
- 2011-12 to 2012-13: increase of £2.4 million (0.1%); representing a real terms reduction of £95.1 million (2.2%);
- 2012-13 to 2013-14: increase of £49.2 million (1.1%); representing a real terms reduction of £61.9 million (1.4);
- Over the budget period there is a cumulative reduction of £24.4 million (0.6%); representing a real terms reduction of £309.3 million (7.0%).

Capital DEL

- 2010-11 to 2011-12: reduction of £10.8 million (20.3%); representing a real terms reduction of £11.6 million (21.8%);
- 2011-12 to 2012-13: reduction of £3.0 million (7.0%); representing a real terms reduction of £3.8 million (9.1%);
- 2012-13 to 2013-14: reduction of £4.3 million (10.9%); representing a real terms reduction of £5.2 million (13.1%);
- Over the budget period there is a cumulative reduction of £18 million (33.9%); representing a real terms reduction of £20.3 million (38.2%).

Changes within the MEG in 2011-12

This section details the main changes within the SJLG MEG at the spending programme area (SPA) and action level, as detailed in the expenditure allocations tables accompanying the Draft Budget 2011-12.³⁴ Note that where explanations are provided below for changes, these have been sourced from the Minister's paper to the Health, Wellbeing and Local Government Committee³⁵ or the Draft Budget 2011-12 narrative document.³⁶

- The greatest increase in revenue DEL (both cash and percentage) is in the Financial Inclusion action within the Supporting Communities and People SPA, which sees an increase of £1.9 million in cash terms, more than doubling the 2010-11 allocation. This represents a £2 million transfer from Council Tax Benefit Schemes action within the Local Taxation Policy SPA.
- The greatest cash reduction in revenue DEL is seen in the Funding Support for Local Government action/SPA. This sees a reduction of £69.2 million, or 1.6% in cash terms. This is the action from which most of the revenue funding for local government, including the revenue support grant, is sourced.
- The greatest percentage reduction in revenue DEL is in the Council Tax Benefit Schemes action within the Local Taxation Policy SPA which sees an overall reduction of £5 million to zero. This budget is being reduced by £3 million and the remaining £2 million is being transferred into the Financial Inclusion action, as detailed above.
- In relation to capital DEL, there are no increases. However the Funding Support for Local Government action/SPA, the Social Enterprise action within the Supporting Communities and People SPA, and the Domestic Abuse and the Fire and Rescue Services National Framework actions within the Safer Communities SPA are all protected at the same levels as 2010-11 in cash terms.
- Of the capital DEL reductions the most significant in cash terms is the Fire and Rescue Services Resilience action within the Safer Communities SPA, which is reduced by £6.4 million or 86.5%.
- Within the Supporting Communities and People SPA, the Communities First capital action is reduced by £1 million to zero, and the Community Development action is reduced by £2.8 million, or 14.9%. Although it is

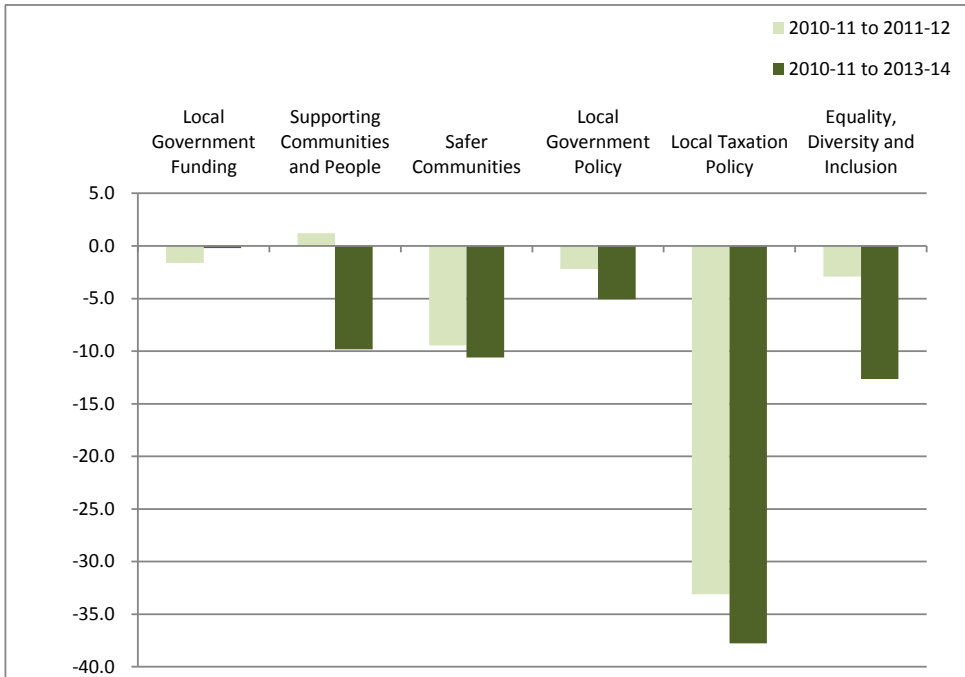
³⁴ Welsh Government, [Draft Budget 2011-12 Expenditure Allocations](#) [accessed 8 Dec 2010]

³⁵ Health, Wellbeing & Local Government Committee Paper [HWLG\(3\)-19-10 : Paper 1 : Scrutiny Session on Draft Budget - Evidence from Minister for Social Justice and Local Government](#) [accessed 8 Dec 2010]

³⁶ Welsh Government, [Draft Budget 2011-12 Narrative](#) pages 39-46 [accessed 8 Dec 2010]

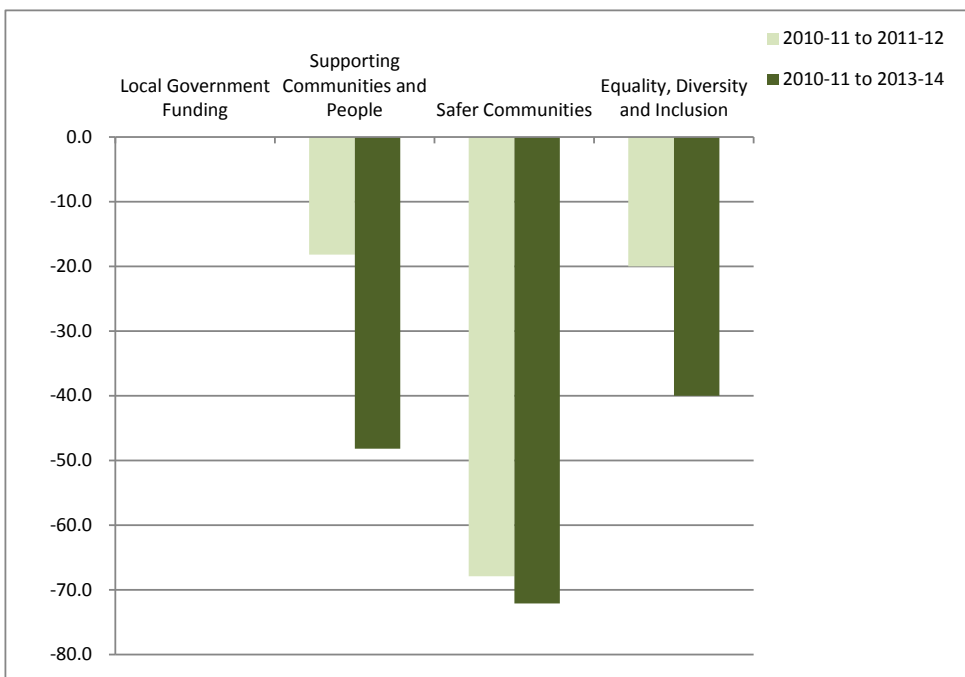
stated that physical regeneration through the Communities Facilities and Activities Programme and Community Asset Transfer will continue to receive sufficient funding.

Figure 7: Percentage change in SJLG revenue DEL (cash terms)



Source: Members' Research Service calculations from Welsh Government Draft Budget 2011-12.

Figure 8: Percentage change in SJLG capital DEL (cash terms)



Source: Members' Research Service calculations from Welsh Government Draft Budget 2011-12.

Table 9: Social Justice and Local Government MEG 2010-11 to 2011-12 and cumulative change 2010-11 to 2013-14

Spending programme area	2010-11	2011-12	Change 2010-	Change 2010-	Real terms	Real terms	Cumulative	Cumulative	Real terms	Real terms
	Supplementary Budget	Draft Budget New Plans	11 to 11-12	11 to 11-12	change 2010- 11 to 2011-12	change 2010-11 to 2011-12	change 2010- 11 to 2013-14	change 2010- 11 to 2013- 14	cumulative change 2010- 11 to 2013-14	cumulative change 2010- 11 to 2013- 14
	£000	£000	£000	per cent	£000	per cent	£000	per cent	£000	per cent
REVENUE DEL										
Local Government Funding	4,277,597	4,208,381	-69,216	-1.6	-147,684	-3.5	-8,873	-0.2	-286,421	-6.7
Supporting Communities and People	59,817	60,543	726	1.2	-403	-0.7	-5,872	-9.8	-9,379	-15.7
Safer Communities	13,088	11,851	-1,237	-9.5	-1,458	-11.1	-1,387	-10.6	-2,148	-16.4
Local Government Policy	38,397	37,552	-845	-2.2	-1,545	-4.0	-1,946	-5.1	-4,316	-11.2
Local Taxation Policy	16,064	10,744	-5,320	-33.1	-5,520	-34.4	-6,070	-37.8	-6,720	-41.8
Equality, Diversity and Inclusion	1,883	1,828	-55	-2.9	-89	-4.7	-238	-12.6	-345	-18.3
Total revenue DEL	4,406,846	4,330,899	-75,947	-1.7	-156,700	-3.6	-24,386	-0.6	-309,329	-7.0
CAPITAL DEL										
Local Government Funding	20,000	20,000	0	0.0	-373	-1.9	0	0.0	-1,300	-6.5
Supporting Communities and People	21,128	17,280	-3,848	-18.2	-4,170	-19.7	-10,178	-48.2	-10,890	-51.5
Safer Communities	9,467	3,039	-6,428	-67.9	-6,485	-68.5	-6,828	-72.1	-7,000	-73.9
Equality, Diversity and Inclusion	2,500	2,000	-500	-20.0	-537	-21.5	-1,000	-40.0	-1,098	-43.9
Total capital DEL	53,095	42,319	-10,776	-20.3	-11,565	-21.8	-18,006	-33.9	-20,287	-38.2
AME - Revenue										
Local Government Funding	11,677	13,583	1,906	16.3	1,653	14.2	1,906	16.3	1,023	8.8
Total AME	11,677	13,583	1,906	16.3	1,653	14.2	1,906	16.3	1,023	8.8
Revenue DEL	4,406,846	4,330,899	-75,947	-1.7	-156,700	-3.6	-24,386	-0.6	-309,329	-7.0
Capital DEL	53,095	42,319	-10,776	-20.3	-11,565	-21.8	-18,006	-33.9	-20,287	-38.2
Total DEL	4,459,941	4,373,218	-86,723	-1.9	-168,265	-3.8	-42,392	-1.0	-329,616	-7.4
AME	11,677	13,583	1,906	16.3	1,653	14.2	1,906	16.3	1,023	8.8
TOTAL SJLG	4,471,618	4,386,801	-84,817	-1.9	-166,612	-3.7	-40,486	-0.9	-328,594	-7.3

Source: Members' Research Service calculations from Welsh Government Draft Budget 2011-12.

7. Economy and Transport (E&T)

[Table 10](#) provides information on allocations proposed within the Economy and Transport (E&T) MEG. Figures [9](#) and [10](#) show the percentage changes in revenue and capital DEL in 2011-12 and the cumulative changes to 2013-14.

The report accompanying the Draft Budget states that:

In future the Department's resources will be targeted at tackling wide systemic issues within the Welsh Economy – investing in infrastructure, research & development and improving the conditions within which businesses operate. The new policy sees a fundamental shift away from direct and generic support for businesses to a focus on creating the right environment for businesses to succeed.

The Departments new direction for economic development is organised around five priorities:

- Investing in high quality and sustainable infrastructure;
- Making Wales a more attractive place to do business;
- Broadening and deepening the skills base;
- Encouraging Innovation;
- Targeting the business support we offer.

Our commitment to **safeguard frontline services** will be supported by the transformation of the way we will support the Welsh economy.³⁷

The report also details the department's approach to deliver more effectively and efficiently, including refundable aid, more focused support, and sharing of expertise.³⁸

In his paper to the Enterprise and Learning Committee,³⁹ the Minister states that as a result of the new Economic Renewal policy the **structure and presentation of the department's budget has changed** (excluding transport). The annex to the Minister's paper provides a restatement of 2010-11 baseline figures to the new structure.⁴⁰

Total DEL

- 2010-11 to 2011-12: reduction of £70.7 million (7.3%); representing a real terms reduction of £87.5 million (9.0%);
- 2011-12 to 2012-13: reduction of £27.2 million (3.0%); representing a real terms reduction of £46.9 million (5.2%);
- 2012-13 to 2013-14: reduction of £28.9 million (3.3%); representing a real terms reduction of £50.4 million (5.8%);

³⁷ Welsh Government, [Draft Budget 2011-12 Narrative](#) page 47 [accessed 8 Dec 2010]

³⁸ Welsh Government, [Draft Budget 2011-12 Narrative](#) page 50-51 [accessed 8 Dec 2010]

³⁹ Enterprise & Learning Committee Paper [EL\(3\)-24-10 : Paper 1 : Budget scrutiny - Minister for Economy and Transport](#) [accessed 8 Dec 2010]

⁴⁰ Enterprise & Learning Committee Paper [EL\(3\)-24-10 : Paper 1 Annex 1 : Budget scrutiny - Minister for Economy and Transport](#) [accessed 8 Dec 2010]

- Over the budget period there is a cumulative reduction of £126.8 million (13.0%); representing a real terms reduction of £181.9 million (18.7%).

Revenue DEL

- 2010-11 to 2011-12: reduction of £7.6 million (1.3%); representing a real terms reduction of £18.6 million (3.1%);
- 2011-12 to 2012-13: reduction of £5.3 million (0.9%); representing a real terms reduction of £18.5 million (3.1%);
- 2012-13 to 2013-14: increase of £2.7 million (0.5%); representing a real terms reduction of £12.2 million (2.1%);
- Over the budget period there is a cumulative reduction of £10.3 million (1.7%); representing a real terms reduction of £48.4 million (8.1%).

Capital DEL

- 2010-11 to 2011-12: reduction of £63.0 million (16.8%); representing a real terms reduction of £68.9 million (18.3%);
- 2011-12 to 2012-13: reduction of £21.9 million (7.0%); representing a real terms reduction of £28.4 million (9.1%);
- 2012-13 to 2013-14: reduction of £31.6 million (10.9%); representing a real terms reduction of £38.2 million (13.1%);
- Over the budget period there is a cumulative reduction of £116.6 million (31.0%); representing a real terms reduction of £133.4 million (35.5%).

Changes within the MEG in 2011-12

This section details the main changes within the E&T MEG at the spending programme area (SPA) and action level, as detailed in the expenditure allocations tables accompanying the Draft Budget 2011-12.⁴¹ Note that where explanations are provided below for changes, these have been sourced from the Minister's paper to the Enterprise and Learning Committee⁴² or the Draft Budget 2011-12 narrative document.⁴³

- The greatest increase in revenue DEL (both cash and percentage) is in the Improve and Maintain Trunk Road Network (Domestic Routes) action within

⁴¹ Welsh Government, [Draft Budget 2011-12 Expenditure Allocations](#) [accessed 8 Dec 2010]

⁴² Enterprise & Learning Committee Paper [EL\(3\)-24-10 : Paper 1 : Budget scrutiny - Minister for Economy and Transport](#) [accessed 8 Dec 2010]

⁴³ Welsh Government, [Draft Budget 2011-12 Narrative](#) pages 47-52 [accessed 8 Dec 2010]

the Improve Domestic Connectivity (Regional and National) SPA, which sees an increase of £6.3 million, or 34.2% in cash terms.

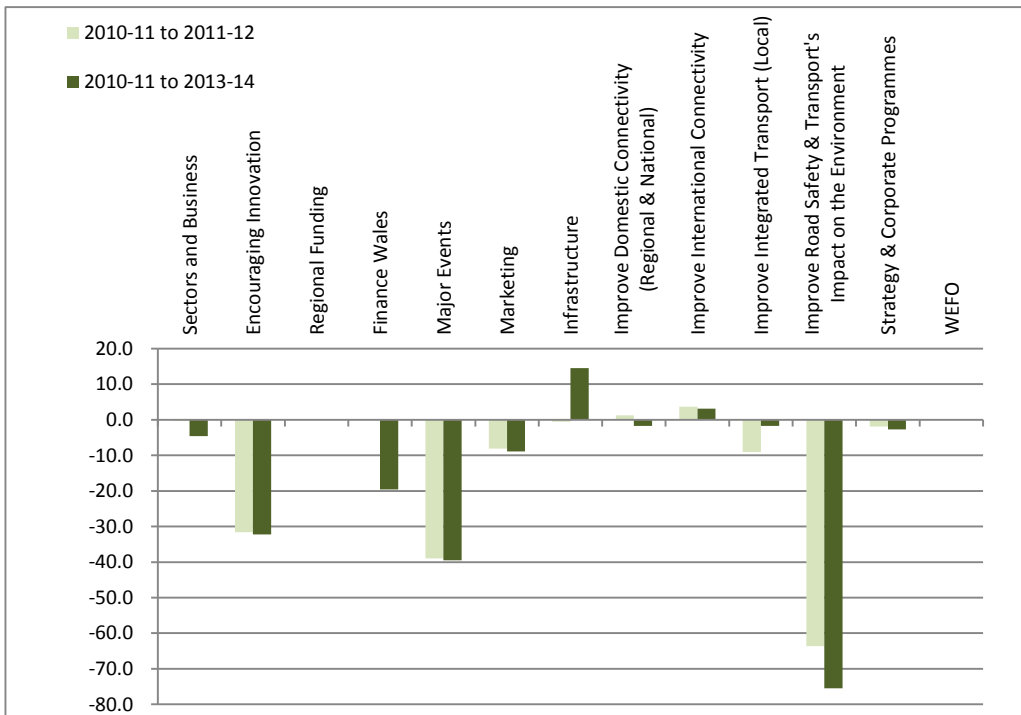
- The greatest cash reduction in revenue DEL is seen in the Develop Sustainable Travel action within the Improve Integrated Transport (Local) SPA. This sees a reduction of £8.5 million, or 9.1% in cash terms. This is stated to reflect reductions in funding to support bus services and the local transport services grant; these reductions are likely to impact on fares, thus increasing the budget requirement for concessionary fares in future years.
- The greatest percentage reduction in revenue DEL is in the Improve Road Safety and Transport's Impact on the Environment action/SPA which sees an overall reduction of 63.6%, or £5.3 million in cash terms. This is stated to reflect a reduced level of funding for the Wales Road Casualty Reduction Partnership and grants to Local Authorities. It is stated that road safety objectives will also continue to be met through investment in the Safe Routes in Communities programme.
- The greatest increase in capital DEL is in the Improve International Connectivity action/SPA. This sees an increase of £20.4 million, or 52.7% in cash terms. This is stated to be to address major remedial works to the road network and funding for M4 corridor enhancement measures and the A465. It is also stated that other roads schemes are currently under review and may have to be suspended or re-profiled.
- The greatest cash reduction in capital DEL is seen in the Improve and Maintain Local Roads Infrastructure action within the Improve Integrated Transport (Local) SPA. This sees a reduction of £43.6 million, or 63.9% in cash terms. This is stated to reflect a reduction of grants to local authorities for local road maintenance backlog and the reducing requirements of funding to support local road schemes and regional transport plan delivery.
- The greatest percentage reduction in capital DEL is seen in the Major Events action/SPA, which sees a reduction of £0.4 million to zero. This is stated to be due to the conclusion of the Ryder Cup.
- In relation to the transport capital reductions, it is stated that a number of road and rail schemes cannot go ahead on the time scales previously set out and this is currently under review, and that some road schemes may have to be suspended or re-profiled.

Table 10: Economy and Transport MEG 2010-11 to 2011-12 and cumulative change 2010-11 to 2013-14

Spending programme area	2010-11	2011-12	Change 2010-11 to 11-12	Change 2010-11 to 11-12	Real terms change 2010-11 to 2011-12	Real terms change 2010-11 to 2011-12	Cumulative change 2010-11 to 2013-14	Cumulative change 2010-11 to 2013-14	Real terms cumulative change 2010-11 to 2013-14	Real terms cumulative change 2010-11 to 2013-14
	Supplementary Budget	Draft Budget New Plans								
REVENUE DEL										
Sectors and Business	48,145	47,990	-155	-0.3	-1,050	-2.2	-2,228	-4.6	-5,213	-10.8
Encouraging Innovation	3,162	2,162	-1,000	-31.6	-1,040	-32.9	-1,018	-32.2	-1,157	-36.6
Regional Funding	0	2,005	2,005	..	1,968	..	2,005	..	1,875	..
Finance Wales	5,102	5,102	0	0.0	-95	-1.9	-1,000	-19.6	-1,267	-24.8
Major Events	6,438	3,930	-2,508	-39.0	-2,581	-40.1	-2,541	-39.5	-2,794	-43.4
Marketing	3,090	2,840	-250	-8.1	-303	-9.8	-275	-8.9	-458	-14.8
Infrastructure	20,585	20,470	-115	-0.6	-497	-2.4	2,986	14.5	1,453	7.1
Improve Domestic Connectivity (Regional & National)	262,239	265,418	3,179	1.2	-1,770	-0.7	-4,523	-1.7	-21,279	-8.1
Improve International Connectivity	140,561	145,681	5,120	3.6	2,404	1.7	4,447	3.2	-4,981	-3.5
Improve Integrated Transport (Local)	93,006	84,527	-8,479	-9.1	-10,055	-10.8	-1,622	-1.7	-7,564	-8.1
Improve Road Safety & Transport's Impact on the Environment	8,397	3,056	-5,341	-63.6	-5,398	-64.3	-6,341	-75.5	-6,475	-77.1
Strategy & Corporate Programmes	5,243	5,145	-98	-1.9	-194	-3.7	-143	-2.7	-475	-9.1
WEFO	1,522	1,522	0	0.0	-28	-1.9	0	0.0	-99	-6.5
Total revenue	597,490	589,848	-7,642	-1.3	-18,640	-3.1	-10,253	-1.7	-48,435	-8.1
CAPITAL DEL										
Sectors and Business	71,045	69,129	-1,916	-2.7	-3,205	-4.5	-27,334	-38.5	-30,176	-42.5
Encouraging Innovation	1,457	433	-1,024	-70.3	-1,032	-70.8	-1,157	-79.4	-1,177	-80.7
Regional Funding	0	995	995	..	976	..	995	..	930	..
Finance Wales	1,500	1,500	0	0.0	-28	-1.9	0	0.0	-98	-6.5
Major Events	400	0	-400	-100.0	-400	-100.0	-400	-100.0	-400	-100.0
Infrastructure	19,607	6,291	-13,316	-67.9	-13,433	-68.5	-1,151	-5.9	-2,351	-12.0
Improve Domestic Connectivity (Regional & National)	103,834	83,674	-20,160	-19.4	-21,720	-20.9	-47,984	-46.2	-51,615	-49.7
Improve International Connectivity	38,683	59,088	20,405	52.7	19,303	49.9	45,153	100.0	39,702	100.0
Improve Integrated Transport (Local)	120,917	80,713	-40,204	-33.2	-41,709	-34.5	-77,176	-63.8	-80,020	-66.2
Improve Road Safety & Transport's Impact on the Environment	18,257	10,922	-7,335	-40.2	-7,539	-41.3	-7,335	-40.2	-8,045	-44.1
Strategy & Corporate Programmes	540	449	-91	-16.9	-99	-18.4	-168	-31.1	-192	-35.6
Total capital	376,240	313,194	-63,046	-16.8	-68,886	-18.3	-116,557	-31.0	-133,441	-35.5
AME - Revenue										
Developing Sustainable Infrastructure for Economic Development and others	41,402	41,402	0	0.0	-772	-1.9	0	0.0	-2,692	-6.5
Total AME	41,402	41,402	0	0.0	-772	-1.9	0	0.0	-2,692	-6.5
Revenue DEL	597,490	589,848	-7,642	-1.3	-18,640	-3.1	-10,253	-1.7	-48,435	-8.1
Capital DEL	376,240	313,194	-63,046	-16.8	-68,886	-18.3	-116,557	-31.0	-133,441	-35.5
Total DEL	973,730	903,042	-70,688	-7.3	-87,526	-9.0	-126,810	-13.0	-181,876	-18.7
AME	41,402	41,402	0	0.0	-772	-1.9	0	0.0	-2,692	-6.5
TOTAL E&T	1,015,132	944,444	-70,688	-7.0	-88,298	-8.7	-126,810	-12.5	-184,568	-18.2

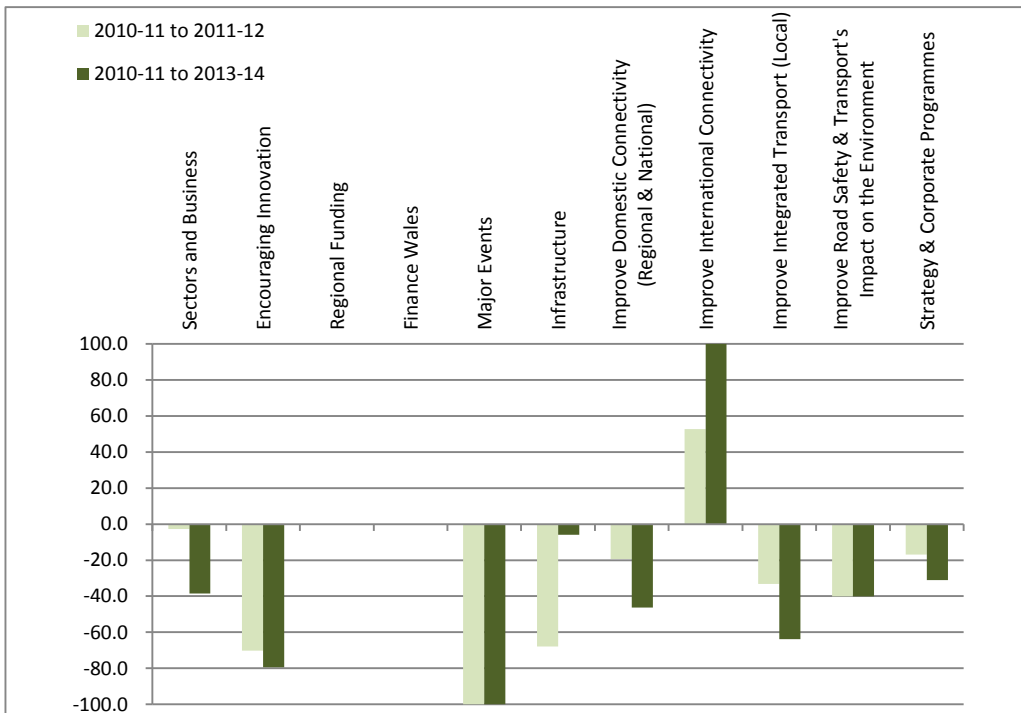
Source: Members' Research Service calculations from Welsh Government Draft Budget 2011-12.

Figure 9: Percentage change in E&T revenue DEL (cash terms)



Source: Members' Research Service calculations from Welsh Government Draft Budget 2011-12.

Figure 10: Percentage change in E&T capital DEL (cash terms)



Source: Members' Research Service calculations from Welsh Government Draft Budget 2011-12.

8. Children, Education and Lifelong Learning

[Table 11](#) provides information on allocations proposed within the Children, Education, Lifelong Learning and Skills (CELLS) MEG. Figures [11](#) and [12](#) show the percentage changes in revenue and capital DEL in 2011-12 and the cumulative changes to 2013-14.

The report accompanying the Draft Budget states that:

This budget reflects the positive commitment to increase funding for schools and skills, and to protect those frontline services which impact directly on children. The budget will enable these services to be extended through the application of increased inward investment over the next three years.⁴⁴

The Minister's paper to the Enterprise and Learning Committee states that:

...some budgets have been re-prioritised to ensure that funding is available to support the full roll out of the foundation phase, to increase funding for post 16 learners with special educational needs, to match demands for free primary school breakfasts and to reflect the increases in students within Higher Education.⁴⁵

The Minister's paper goes on to state that:

The need for the department and partner organisations to realise real terms efficiencies alongside budget savings has been central to the budget setting process and is closely linked to the management of the overall budget reduction and the maintenance of front line services.⁴⁶

Total DEL

- 2010-11 to 2011-12: reduction of £31.2 million (1.7%); representing a real terms reduction of £65.7 million (3.5%);
- 2011-12 to 2012-13: reduction of £3.5 million (0.2%); representing a real terms reduction of £45.0 million (2.4%);
- 2012-13 to 2013-14: increase of £5.7 million (0.3%); representing a real terms reduction of £41.1 million (2.2%);
- Over the budget period there is a cumulative reduction of £29.0 million (1.5%); representing a real terms reduction of £149.2 million (7.9%).

Revenue DEL

- 2010-11 to 2011-12: reduction of £21.1 million (1.2%); representing a real terms reduction of £52.3 million (3.1%);

⁴⁴ Welsh Government, [Draft Budget 2011-12 Narrative](#) page 53 [accessed 8 Dec 2010]

⁴⁵ Enterprise & Learning Committee Paper [EL\(3\)-24-10 : Paper 2 Document 2 : Budget scrutiny - Minister for Children, Education, Lifelong Learning and the Deputy / Minister for Science, Innovation and Skills](#) [accessed 8 Dec 2010]

⁴⁶ Enterprise & Learning Committee Paper [EL\(3\)-24-10 : Paper 2 Document 2 : Budget scrutiny - Minister for Children, Education, Lifelong Learning and the Deputy / Minister for Science, Innovation and Skills](#) [accessed 8 Dec 2010]

- 2011-12 to 2012-13: increase of £8.6 million (0.5%); representing a real terms reduction of £29.2 million (1.7%);
- 2012-13 to 2013-14: increase of £23.3 million (1.4%); representing a real terms reduction of £20.0 million (1.2%);
- Over the budget period there is a cumulative increase of £10.7 million (0.6%); representing a real terms reduction of £100.1 million (5.9%).

Capital DEL

- 2010-11 to 2011-12: reduction of £10.1 million (5.5%); representing a real terms reduction of £13.4 million (7.3%);
- 2011-12 to 2012-13: reduction of £12.1 million (7.0%); representing a real terms reduction of £15.7 million (9.1%);
- 2012-13 to 2013-14: reduction of £17.5 million (10.9%); representing a real terms reduction of £21.2 million (13.1%);
- Over the budget period there is a cumulative reduction of £39.8 million (21.7%); representing a real terms reduction of £49.1 million (26.8%).

Changes within the MEG in 2011-12

This section details the main changes within the CELLS MEG at the spending programme area (SPA) and action level, as detailed in the expenditure allocations tables accompanying the Draft Budget 2011-12.⁴⁷ Note that where explanations are provided below for changes, these have been sourced from the Minister's paper to the Enterprise and Learning Committee⁴⁸ or the Draft Budget 2011-12 narrative document.⁴⁹

- The greatest cash increase in revenue DEL is in the Curriculum and Assessment (incl Foundation Phase) action within the Qualification, Curriculum and Learning Improvement SPA, which sees an increase of £11.7 million, or 13.1% in cash terms. This is stated to be for the continued roll out of the Foundation Phase.
- The greatest percentage increase in revenue DEL is in the Support for Learners action within the Children, Young People and School Effectiveness SPA, which sees an increase of £9.2 million, or 14.4% in cash terms. £2.7 million of this is stated to be in relation to the provision of free primary

⁴⁷ Welsh Government, [Draft Budget 2011-12 Expenditure Allocations](#) [accessed 8 Dec 2010]

⁴⁸ Enterprise & Learning Committee Paper [EL\(3\)-24-10 : Paper 2 Document 2 : Budget scrutiny - Minister for Children, Education, Lifelong Learning and the Deputy / Minister for Science, Innovation and Skills](#) [accessed 8 Dec 2010]

⁴⁹ Welsh Government, [Draft Budget 2011-12 Narrative](#) pages 53-59 [accessed 8 Dec 2010]

school breakfasts, and £6.5 million for post 16 Special Educational Needs provision.

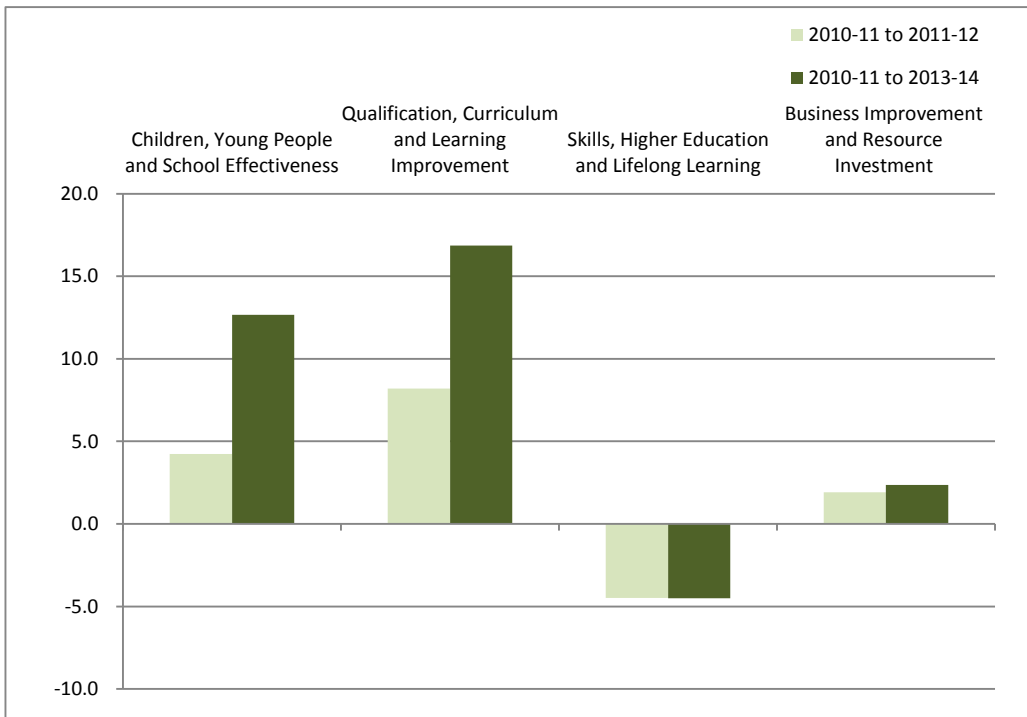
- The greatest cash reduction in revenue DEL is seen in the Higher Education action within the Skills, Higher Education and Lifelong Learning SPA. This sees a reduction of £36.8 million, or 8.5% in cash terms. It is stated that the planned reductions will facilitate the statutory commitment to provide financial support for Higher Education students, and that reductions include efficiency savings which are expected to be delivered via the implementation of the [For Our Future](#) strategy. It is also stated that the commitment to the development of the University of the Heads of the Valleys and Coleg Cymraeg Cenedlaethol (formerly Coleg Ffederal) remain a priority to be funded from this budget.
- The greatest percentage reduction in revenue DEL is in the Economic Measures - Unemployment action within the Skills, Higher Education and Lifelong Learning SPA which sees an overall reduction of £0.7 million to zero.
- The only increase in capital DEL is in the Capital Funding action of the Business Improvement and Resource Investment SPA. This sees an increase of £16.7 million, or 10.7% in cash terms.
- It is stated that the application of a project-based strategic capital fund will allow for more effective management of capital funding and enable prioritised investments. As a consequence of this other CELLS capital budgets have been reduced to zero. The overall reduction in the capital budget means that programmes will need to be delivered over a longer time period and that investment will be deployed on a prioritised basis.

Table 11: Children, Education, Lifelong Learning and Skills MEG 2010-11 to 2011-12 and cumulative change 2010-11 to 2013-14

Spending programme area	2010-11	2011-12	Change 2010-11 to 11-12		Real terms change 2010-11 to 2011-12		Cumulative change 2010-11 to 2013-14		Real terms cumulative change 2010-11 to 2013-14	
	Supplementary Budget	Draft Budget New Plans	£000	per cent	£000	per cent	£000	per cent	£000	per cent
REVENUE DEL										
Children, Young People and School Effectiveness	214,874	223,986	9,112	4.2	4,936	2.3	27,225	12.7	11,484	5.3
Qualification, Curriculum and Learning Improvement	144,109	155,914	11,805	8.2	8,898	6.2	24,302	16.9	13,352	9.3
Skills, Higher Education and Lifelong Learning	1,054,033	1,006,644	-47,389	-4.5	-66,159	-6.3	-47,430	-4.5	-112,878	-10.7
Business Improvement and Resource Investment	281,535	286,920	5,385	1.9	35	0.0	6,638	2.4	-12,099	-4.3
Total Revenue	1,694,551	1,673,464	-21,087	-1.2	-52,290	-3.1	10,735	0.6	-100,141	-5.9
CAPITAL DEL										
Children, Young People and School Effectiveness	7,406	0	-7,406	-100.0	-7,406	-100.0	-7,406	-100.0	-7,406	-100.0
Skills, Higher Education and Lifelong Learning	19,436	0	-19,436	-100.0	-19,436	-100.0	-19,436	-100.0	-19,436	-100.0
Business Improvement and Resource Investment	156,650	173,353	16,703	10.7	13,471	8.6	-12,916	-8.2	-22,261	-14.2
Total Capital	183,492	173,353	-10,139	-5.5	-13,371	-7.3	-39,758	-21.7	-49,103	-26.8
AME - Capital										
Business Improvement and Resource Investment	203,398	217,656	14,258	7.0	10,200	5.0	23,118	11.4	8,390	4.1
Total AME	203,398	217,656	14,258	7.0	10,200	5.0	23,118	11.4	8,390	4.1
Revenue DEL	1,694,551	1,673,464	-21,087	-1.2	-52,290	-3.1	10,735	0.6	-100,141	-5.9
Capital DEL	183,492	173,353	-10,139	-5.5	-13,371	-7.3	-39,758	-21.7	-49,103	-26.8
Total DEL	1,878,043	1,846,817	-31,226	-1.7	-65,661	-3.5	-29,023	-1.5	-149,244	-7.9
AME	203,398	217,656	14,258	7.0	10,200	5.0	23,118	11.4	8,390	4.1
TOTAL CELLS	2,081,441	2,064,473	-16,968	-0.8	-55,462	-2.7	-5,905	-0.3	-140,854	-6.8

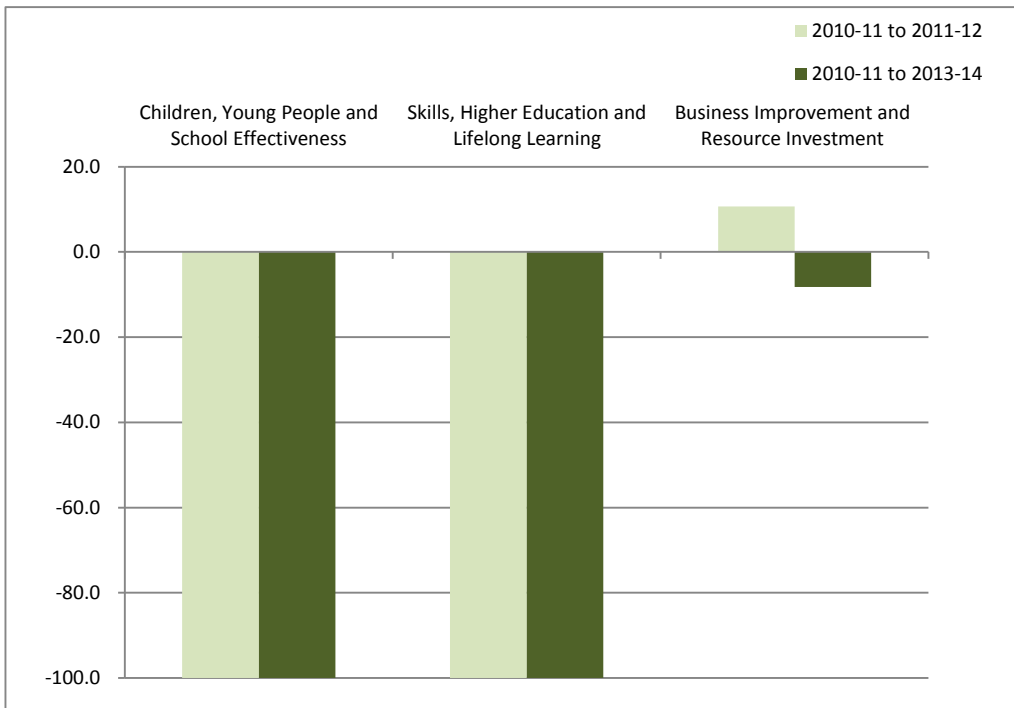
Source: Members' Research Service calculations from Welsh Government Draft Budget 2011-12.

Figure 11: Percentage change in CELLS revenue DEL (cash terms)



Source: Members' Research Service calculations from Welsh Government Draft Budget 2011-12.

Figure 12: Percentage change in CELLS capital DEL (cash terms)



Source: Members' Research Service calculations from Welsh Government Draft Budget 2011-12.

9. Environment, Sustainability and Housing

[Table 12](#) provides information on allocations proposed within the Environment, Sustainability and Housing (ESH) MEG. Figures [13](#) and [14](#) show the percentage changes in revenue and capital DEL in 2011-12 and the cumulative changes to 2013-14.

The report accompanying the Draft Budget states that:

This budget reflects our commitment to sustainable development and equality. Despite being in a time of reducing budgets we are protecting the Major Repairs Allowance, which funds vital repairs for tenants in council housing, and remain committed to achieving the Welsh Housing Quality Standard. We will target support to housing services for vulnerable people and have made Supporting People a priority area.

We are protecting the most vulnerable in society through the Energy Efficiency and Fuel Poverty programme which aims to reduce fuel poverty whilst reducing carbon emissions and are maintaining 2010-11 funding levels into next year. We are also providing a significant level of protection to our flood risk management programme and climate change considerations have been central to our budget setting process.⁵⁰

Report goes on to state that:

We are working through a review of options available to us for the future of environmental delivery in Wales. Our delivery bodies have been working closely together to examine a range of options from sharing services through to the possibility of a new environmental body for Wales. Efficiency savings via some of the options being considered should deliver savings that will, at least, provide some protection to frontline services delivered by these bodies.⁵¹

From the Minister's paper to Sustainability Committee:

The MEG's capital budget was reduced by 12.5% and its revenue budget was reduced by 2.2%. The capital reduction is masked by the reinstatement of £40 million into the housing for affordable homes, which was brought forward from 2010-11 into earlier years to tackle the effects of the recession. When this is taken into account the capital reduction is 20%.⁵²

Total DEL

- 2010-11 to 2011-12: reduction of £60.8 million (7.6%); representing a real terms reduction of £74.6 million (9.3%);
- 2011-12 to 2012-13: reduction of £26.2 million (3.5%); representing a real terms reduction of £42.3 million (5.7%);
- 2012-13 to 2013-14: reduction of £36.6 million (5.1%); representing a real terms reduction of £53.8 million (7.5%);

⁵⁰ Welsh Government, [Draft Budget 2011-12 Narrative](#) page 60 [accessed 8 Dec 2010]

⁵¹ Welsh Government, [Draft Budget 2011-12 Narrative](#) page 64 [accessed 8 Dec 2010]

⁵² Sustainability Committee Paper [SC\(3\)-23-10 : Paper 1 : Welsh Government Draft Budget - Welsh Assembly Government](#) [accessed 8 Dec 2010]

- Over the budget period there is a cumulative reduction of £123.6 million (15.4%); representing a real terms reduction of £167.8 million (20.9%).

Revenue DEL

- 2010-11 to 2011-12: reduction of £8.3 million (2.2%); representing a real terms reduction of £15.3 million (4.0%);
- 2011-12 to 2012-13: reduction of £5.9 million (1.6%); representing a real terms reduction of £14.2 million (3.8%);
- 2012-13 to 2013-14: increase of £1.6 million (0.4%); representing a real terms reduction of £7.8 million (2.1%);
- Over the budget period there is a cumulative reduction of £12.7 million (3.3%); representing a real terms reduction of £36.8 million (9.6%).

Capital DEL

- 2010-11 to 2011-12: reduction of £52.4 million (12.5%); representing a real terms reduction of £59.3 million (14.2%);
- 2011-12 to 2012-13: reduction of £20.3 million (5.6%); representing a real terms reduction of £28.1 million (7.7%);
- 2012-13 to 2013-14: reduction of £38.2 million (11.1%); representing a real terms reduction of £46 million (13.3%);
- Over the budget period there is a cumulative reduction of £110.9 million (26.5%); representing a real terms reduction of £130.9 million (31.3%).

Changes within the MEG in 2011-12

This section details the main changes within the ESH MEG at the spending programme area (SPA) and action level, as detailed in the expenditure allocations tables accompanying the Draft Budget 2011-12.⁵³ Note that where explanations are provided below for changes, these have been sourced from the Environment, Sustainability and Housing Minister's paper to the Sustainability Committee,⁵⁴ the paper from the Deputy Minister for Housing and Regeneration to the Communities and Culture Committee,⁵⁵ or the Draft Budget 2011-12 narrative document.⁵⁶

⁵³ Welsh Government, [Draft Budget 2011-12 Expenditure Allocations](#) [accessed 8 Dec 2010]

⁵⁴ Sustainability Committee Paper [SC\(3\)-23-10 : Paper 1 : Welsh Government Draft Budget - Welsh Assembly Government](#) [accessed 8 Dec 2010]

⁵⁵ Communities & Culture Committee Paper [CC\(3\)-17-10 : Paper 01 : Scrutiny of Welsh Government 2011/2012 draft budget](#) [accessed 8 Dec 2010]

⁵⁶ Welsh Government, [Draft Budget 2011-12 Narrative](#) pages 60-65 [accessed 8 Dec 2010]

- The greatest increase in revenue DEL (both cash and percentage) is in the Implementation of Strategic Regeneration Areas action within the Regeneration SPA, which sees an increase of £3.0 million in cash terms, more than doubling the previous allocation. The Deputy Minister for Housing and Regeneration stated that she is seeking to reduce legacy commitments in order to focus investment on the seven Regeneration Areas.
- The greatest cash reduction in revenue DEL is seen in the enabling People to Live Independent Lives action within the Housing SPA. This sees a reduction of £2.3 million, or 1.5% in cash terms. This is stated to include reductions to the Supporting People grant and Home Improvement Agencies.
- The greatest percentage reduction in revenue DEL is in the Prepare Future Strategic Regeneration Areas action within the Regeneration SPA which sees an overall reduction of £50,000 to zero.
- The only increase in capital DEL is in the Increase the supply and choice of housing action of the Housing SPA. This sees an increase of £9.3 million, or 15.6% in cash terms. The Deputy Minister's paper to Communities and Culture Committee⁵⁷ shows this action to be a reduction of £30.7 million, as capital figures for 2010-11 have been restated to include the £40 million brought forward to future years. This is shown to consist of: £19 million reduction to Social Housing Grant; £2.8 million reduction to ExtraCare; Not 4 Profit Nursing Homes reduced by £5 million to zero; and SHRG Support reduced by £4 million to zero.
- The greatest cash reduction in capital DEL is in the Achieve quality housing action within the Housing SPA. This sees a reduction of £33.0 million, or 15.6% in cash terms. Within this capital reduction: the Major Repairs Allowance is protected; Housing General Support is reduced by £24.5 million; Financial Assistance of First time Buyers is reduced by £0.5 million to zero; Renewal Areas is reduced by £7.5 million; and Home Safety Construction is reduced by £0.3 million to zero.
- There are two actions where the capital DEL has been reduced to zero. The Manage and Implement EU Waste Legislation, LEQ and Contaminated Land action within the Environment SPA, which is reduced from £2 million to zero. The Minister for Environment, Sustainability and Housing has stated that this is the result of the £2 million contaminated land fund is being lost.⁵⁸ The Prepare Future Strategic Regeneration Areas action within the Regeneration SPA is also reduced to zero from £3 million.

⁵⁷ Communities & Culture Committee Paper [CC\(3\)-17-10 : Paper 01 : Scrutiny of Welsh Government 2011/2012 draft budget](#) [accessed 8 Dec 2010]

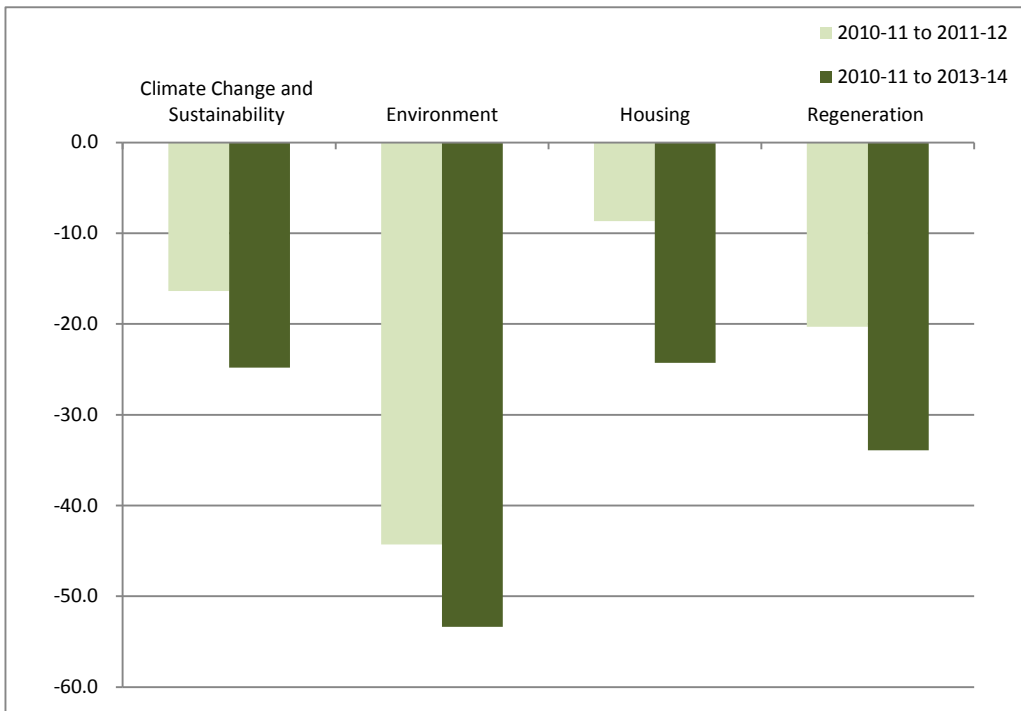
⁵⁸ Sustainability Committee Paper [SC\(3\)-23-10 : Paper 1 : Welsh Government Draft Budget - Welsh Assembly Government](#) [accessed 8 Dec 2010]

Figure 13: Percentage change in ESH revenue DEL (cash terms)



Source: Members' Research Service calculations from Welsh Government Draft Budget 2011-12.

Figure 14: Percentage change in ESH capital DEL (cash terms)



Source: Members' Research Service calculations from Welsh Government Draft Budget 2011-12.

Table 12: Environment, Sustainability and Housing MEG 2010-11 to 2011-12 and cumulative change 2010-11 to 2013-14

Spending programme area	2010-11	2011-12	Change 2010-	Change 2010-	Real terms	Real terms	Cumulative	Cumulative	Real terms	Real terms
	Supplementary Budget	Draft Budget New Plans	11 to 11-12	11 to 11-12	change 2010- 11 to 2011-12	change 2010-11 to 2011-12	change 2010- 11 to 2013-14	change 2010- 11 to 2013- 14	cumulative change 2010- 11 to 2013-14	cumulative change 2010- 11 to 2013- 14
	£000	£000	£000	per cent	£000	per cent	£000	per cent	£000	per cent
REVENUE DEL										
Climate Change and Sustainability	119,593	117,485	-2,108	-1.8	-4,299	-3.6	315	0.3	-7,481	-6.3
Environment	83,972	80,898	-3,074	-3.7	-4,582	-5.5	-6,109	-7.3	-11,172	-13.3
Housing	157,217	154,765	-2,452	-1.6	-5,338	-3.4	-5,425	-3.5	-15,294	-9.7
Planning	8,074	7,772	-302	-3.7	-447	-5.5	-984	-12.2	-1,445	-17.9
Regeneration	14,894	14,489	-405	-2.7	-675	-4.5	-497	-3.3	-1,433	-9.6
Total Revenue	383,750	375,409	-8,341	-2.2	-15,341	-4.0	-12,700	-3.3	-36,825	-9.6
CAPITAL DEL										
Climate Change and Sustainability	67,220	56,209	-11,011	-16.4	-12,059	-17.9	-16,665	-24.8	-19,952	-29.7
Environment	8,259	4,600	-3,659	-44.3	-3,745	-45.3	-4,409	-53.4	-4,659	-56.4
Housing	273,079	249,392	-23,687	-8.7	-28,337	-10.4	-66,297	-24.3	-79,742	-29.2
Regeneration	69,435	55,343	-14,092	-20.3	-15,124	-21.8	-23,547	-33.9	-26,531	-38.2
Total Capital	417,993	365,544	-52,449	-12.5	-59,265	-14.2	-110,918	-26.5	-130,884	-31.3
AME - Revenue										
Housing	-77,000	-72,000	5,000	-6.5	6,342	-8.2	22,000	-28.6	25,576	-33.2
Total AME	-77,000	-72,000	5,000	-6.5	6,342	-8.2	22,000	-28.6	25,576	-33.2
Revenue DEL	383,750	375,409	-8,341	-2.2	-15,341	-4.0	-12,700	-3.3	-36,825	-9.6
Capital DEL	417,993	365,544	-52,449	-12.5	-59,265	-14.2	-110,918	-26.5	-130,884	-31.3
Total DEL	801,743	740,953	-60,790	-7.6	-74,606	-9.3	-123,618	-15.4	-167,709	-20.9
AME	-77,000	-72,000	5,000	-6.5	6,342	-8.2	22,000	-28.6	25,576	-33.2
TOTAL ESH	724,743	668,953	-55,790	-7.7	-68,263	-9.4	-101,618	-14.0	-142,133	-19.6

Source: Members' Research Service calculations from Welsh Government Draft Budget 2011-12.

10. Rural Affairs

[Table 13](#) provides information on allocations proposed within the Rural Affairs (RA) MEG. Figures [15](#) and [16](#) show the percentage changes in revenue and capital DEL in 2011-12 and the cumulative changes to 2013-14.

The report accompanying the Draft Budget states that:

The Draft Budget will enable all key activity within the Rural Affairs MEG to proceed, including the delivery of the Rural Development Plan, the effective administration of the Single Payment Scheme, the programme to eradicate bovine TB and the Young Entrants' Support Scheme.⁵⁹

Total DEL

- 2010-11 to 2011-12: reduction of £6.7 million (4.7%); representing a real terms reduction of £9.3 million (6.5%);
- 2011-12 to 2012-13: reduction of £2.3 million (1.7%); representing a real terms reduction of £5.4 million (3.9%);
- 2012-13 to 2013-14: reduction of £0.3 million (0.2%); representing a real terms reduction of £3.7 million (2.8%);
- Over the budget period there is a cumulative reduction of £9.4 million (6.6%); representing a real terms reduction of £18.1 million (12.6%).

Revenue DEL

- 2010-11 to 2011-12: reduction of £2.8 million (2.2%); representing a real terms reduction of £5.1 million (4.1%);
- 2011-12 to 2012-13: reduction of £1.9 million (1.5%); representing a real terms reduction of £4.6 million (3.8%);
- 2012-13 to 2013-14: increase of £0.5 million (0.4%); representing a real terms reduction of £2.6 million (2.1%);
- Over the budget period there is a cumulative reduction of £4.2 million (3.3%); representing a real terms reduction of £12.2 million (9.6%).

Capital DEL

- 2010-11 to 2011-12: reduction of £3.9 million (23.3%); representing a real terms reduction of £4.1 million (24.7%);
- 2011-12 to 2012-13: reduction of £0.4 million (3.4%); representing a real terms reduction of £0.7 million (5.5%);

⁵⁹ Welsh Government, [Draft Budget 2011-12 Narrative](#) page 66 [accessed 8 Dec 2010]

- 2012-13 to 2013-14: reduction of £0.8 million (6.8%); representing a real terms reduction of £1.2 million (9.2%);
- Over the budget period there is a cumulative reduction of £5.2 million (30.9%); representing a real terms reduction of £5.9 million (35.4%).

Changes within the MEG in 2011-12

This section details the main changes within the RA MEG at the spending programme area (SPA) and action level, as detailed in the expenditure allocations tables accompanying the Draft Budget 2011-12.⁶⁰ Note that where explanations are provided below for changes, these have been sourced from the Minister's paper to the Rural Development Sub-committee⁶¹ or the Draft Budget 2011-12 narrative document.⁶²

- The greatest cash increase in revenue DEL is in the Delivering the Programmes within the Rural Development Plan action within the Rural European Policies SPA, which sees an increase of £0.7 million, or 1.2% in cash terms. It is stated that the Rural Development Plan has been largely protected in order to avoid the risk of de-committing EU funding.
- The greatest percentage increase in revenue DEL is in the Developing an appropriate evidence base to support the work of the Department action within the Evidence Base SPA. This has seen an increase of £0.2 million, or 18.8% in cash terms.
- The greatest reduction in revenue DEL (both cash and percentage) is seen in the Enabling, Protecting and Improving Animal Health and Welfare action/SPA. This sees a reduction of £2.5 million, or 9.9% in cash terms. This relates to a £1.5 million reduction for TB Eradication, and £0.9 million reduction to the Companion Animal Welfare Scheme, for which there are to be no future allocations.
- There are no increases in capital DEL. However, the Evidence Base capital SPA has been protected at the same level as 2010-11 with an allocation of £38,000.
- The greatest reduction in capital DEL (both cash and percentage) is in the Delivering the programmes within the Rural Development Plan action within the Rural European Policies SPA. This sees a reduction of £3.8 million, or 24.5% in cash terms.

⁶⁰ Welsh Government, [Draft Budget 2011-12 Expenditure Allocations](#) [accessed 8 Dec 2010]

⁶¹ Rural Development Sub-Committee Paper [RDC\(3\)-14-10 : Paper 1 : Scrutiny of the Draft Budget - Welsh Assembly Government](#) [accessed 8 Dec 2010]

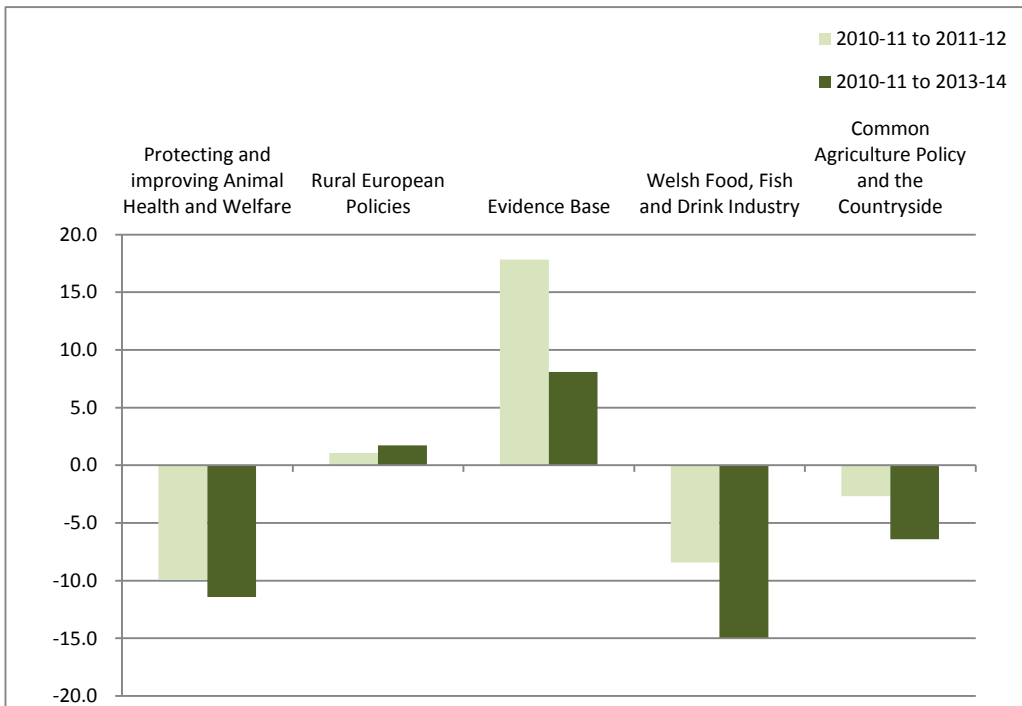
⁶² Welsh Government, [Draft Budget 2011-12 Narrative](#) pages 66-71 [accessed 8 Dec 2010]

Table 13: Rural Affairs MEG 2010-11 to 2011-12 and cumulative change 2010-11 to 2013-14

Spending programme area	2010-11	2011-12	Change 2010-11 to 11-12	Change 2010-11 to 11-12	Real terms change 2010-11 to 2011-12	Real terms change 2010-11 to 2011-12	Cumulative change 2010-11 to 2013-14	Cumulative change 2010-11 to 2013-14	Real terms cumulative change 2010-11 to 2013-14	Real terms cumulative change 2010-11 to 2013-14
	Supplementary Budget	Draft Budget New Plans								
REVENUE DEL										
Protecting and improving Animal Health and Welfare	25,153	22,660	-2,493	-9.9	-2,916	-11.6	-2,873	-11.4	-4,322	-17.2
Rural European Policies	69,148	69,872	724	1.0	-579	-0.8	1,195	1.7	-3,379	-4.9
Evidence Base	1,027	1,210	183	17.8	160	15.6	83	8.1	11	1.1
Welsh Food, Fish and Drink Industry	7,289	6,675	-614	-8.4	-738	-10.1	-1,089	-14.9	-1,492	-20.5
Common Agriculture Policy and the Countryside	23,943	23,305	-638	-2.7	-1,073	-4.5	-1,538	-6.4	-2,995	-12.5
Total Revenue	126,560	123,722	-2,838	-2.2	-5,145	-4.1	-4,222	-3.3	-12,176	-9.6
CAPITAL DEL										
Rural European Policies	15,372	11,601	-3,771	-24.5	-3,987	-25.9	-4,649	-30.2	-5,346	-34.8
Evidence Base	38	38	0	0.0	-1	-1.9	0	0.0	-2	-6.5
Welsh Food, Fish and Drink Industry	1,524	1,400	-124	-8.1	-150	-9.8	-524	-34.4	-589	-38.6
Common Agriculture Policy and the Countryside	-205	-205	0	0.0	4	-1.9	0	0.0	13	-6.5
Total Capital	16,729	12,834	-3,895	-23.3	-4,134	-24.7	-5,173	-30.9	-5,924	-35.4
Revenue DEL	126,560	123,722	-2,838	-2.2	-5,145	-4.1	-4,222	-3.3	-12,176	-9.6
Capital DEL	16,729	12,834	-3,895	-23.3	-4,134	-24.7	-5,173	-30.9	-5,924	-35.4
Total DEL	143,289	136,556	-6,733	-4.7	-9,279	-6.5	-9,395	-6.6	-18,101	-12.6
AME	0	0	0	0.0	0	0.0	0	0.0	0	0.0
TOTAL RURAL AFFAIRS	143,289	136,556	-6,733	-4.7	-9,279	-6.5	-9,395	-6.6	-18,101	-12.6

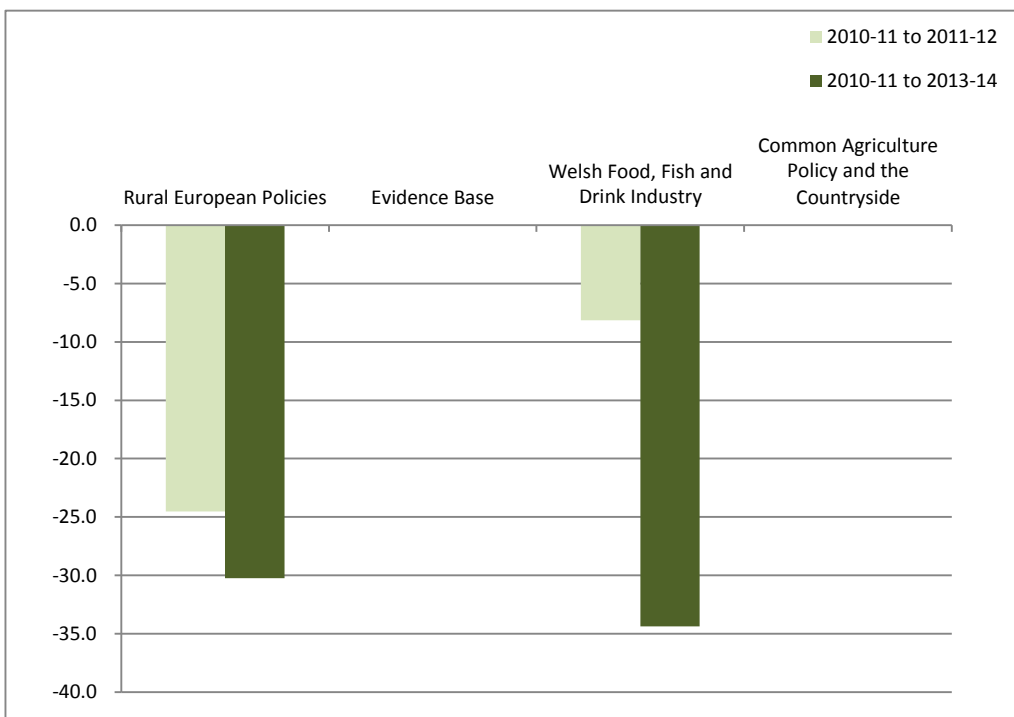
Source: Members' Research Service calculations from Welsh Government Draft Budget 2011-12.

Figure 15: Percentage change in RA revenue DEL (cash terms)



Source: Members' Research Service calculations from Welsh Government Draft Budget 2011-12.

Figure 16: Percentage change in RA capital DEL (cash terms)



Source: Members' Research Service calculations from Welsh Government Draft Budget 2011-12.

11. Heritage

[Table 14](#) provides information on allocations proposed within the Heritage (HER) MEG. Figures [17](#) and [18](#) show the percentage changes in revenue and capital DEL in 2011-12 and the cumulative changes to 2013-14.

The report accompanying the Draft Budget states that:

In recognition of the important work carried out by all the organisations that the Heritage MEG supports the impact of this reduction in funding will be spread across the range of supported organisations including Cadw and Visit Wales.⁶³

Report goes on to state:

A variety of frontline services are provided under each of the Heritage budget subheadings. Although budgets have had to be reduced, each of these broad headings will continue to receive a substantial level of public support. This is in recognition of the contribution they make towards ensuring that opportunities to enjoy Wales' rich cultural heritage and sporting activities are available to as widely as possible.

Throughout this budget settlement the main focus has been on protecting frontline services whilst applying stringent efficiency targets to administration and support services. These efficiency savings in administration, joined up working and shared services will be in addition to those realised under the 'Making the Connections' initiative over recent years.⁶⁴

The Ministers paper to Communities and Culture Committee states:

I have prioritised the protection of front line services wherever possible. Each of the AGSB running cost budgets will reduce by a greater amount than the programmes they support. Our ability to continue to deliver the wide range of outcomes that characterise the Heritage budget will be crucially dependent on our ability to generate efficiency savings both as a department and through the organisations that we fund. It will be important to explore the extent to which these can be achieved through greater joint working across and between the arm's length bodies that we fund.⁶⁵

Total DEL

- 2010-11 to 2011-12: reduction of £6.7 million (4.3%); representing a real terms reduction of £9.5 million (6.1%);
- 2011-12 to 2012-13: reduction of £2.9 million (1.9%); representing a real terms reduction of £6.3 million (4.1%);
- 2012-13 to 2013-14: reduction of £0.9 million (0.6%); representing a real terms reduction of £4.6 million (3.1%);
- Over the budget period there is a cumulative reduction of £10.6 million (6.7%); representing a real terms reduction of £20.1 million (12.8%).

⁶³ Welsh Government, [Draft Budget 2011-12 Narrative](#) page 72 [accessed 8 Dec 2010]

⁶⁴ Welsh Government, [Draft Budget 2011-12 Narrative](#) page 73 [accessed 8 Dec 2010]

⁶⁵ Communities & Culture Committee Paper [CC\(3\)-17-10 : Paper 02 : Scrutiny of Welsh Government 2011/2012 Draft Budget](#) [accessed 8 Dec 2010]

Revenue DEL

- 2010-11 to 2011-12: reduction of £3.0 million (2.1%); representing a real terms reduction of £5.5 million (4.0%);
- 2011-12 to 2012-13: reduction of £1.9 million (1.4%); representing a real terms reduction of £4.9 million (3.6%);
- 2012-13 to 2013-14: increase of £0.6 million (0.5%); representing a real terms reduction of £2.8 million (2.1%);
- Over the budget period there is a cumulative reduction of £4.2 million (3.0%); representing a real terms reduction of £13 million (9.4%).

Capital DEL

- 2010-11 to 2011-12: reduction of £3.8 million (20.3%); representing a real terms reduction of £4.1 million (21.8%);
- 2011-12 to 2012-13: reduction of £1.0 million (7.0%); representing a real terms reduction of £1.3 million (9.1%);
- 2012-13 to 2013-14: reduction of £1.5 million (10.9%); representing a real terms reduction of £1.8 million (13.1%);
- Over the budget period there is a cumulative reduction of £6.3 million (33.9%); representing a real terms reduction of £7.1 million (38.2%).

Changes within the MEG in 2011-12

This section details the main changes within the HER MEG at the spending programme area (SPA) and action level, as detailed in the expenditure allocations tables accompanying the Draft Budget 2011-12.⁶⁶ Further information can be found in the Draft Budget 2011-12 narrative document.⁶⁷

- There are no increases in revenue DEL within the Heritage MEG.
- The greatest cash reduction in revenue DEL is seen in the Support and sustain a strong arts sector via the Arts Council and others action/SPA. This sees a reduction of £1.1 million, or 3.0% in cash terms.
- The greatest percentage reduction in revenue DEL is in the Developing the Visitor Experience action within the Tourism SPA. This sees a reduction of £0.2 million, or 3.7% in cash terms.

⁶⁶ Welsh Government, [Draft Budget 2011-12 Expenditure Allocations](#) [accessed 8 Dec 2010]

⁶⁷ Welsh Government, [Draft Budget 2011-12 Narrative](#) pages 72-77 [accessed 8 Dec 2010]

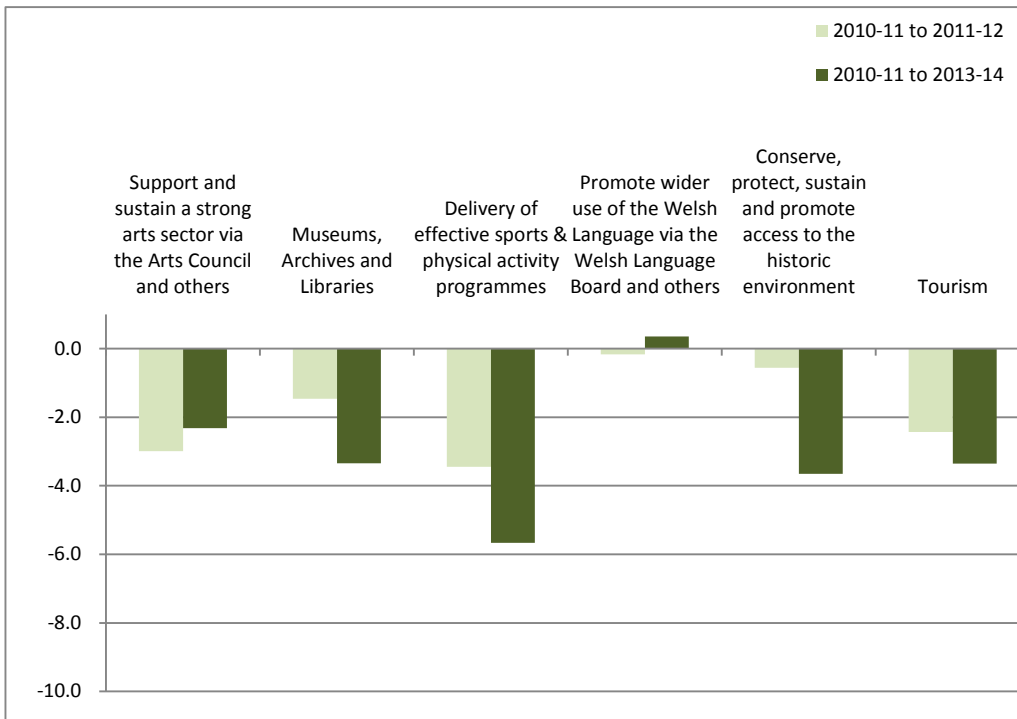
- The only increase in capital DEL is seen in the Foster Usage and Lifelong Learning through Museum Services action within the Museums, Archives and Libraries SPA. This sees an increase of £1.1 million, or 55.9% in cash terms.
- The greatest cash reduction in capital DEL is in the Strategic Leadership for museum, archives and library services action within the Museums, Archives and Libraries SPA. This sees a reduction of £1.5 million, or 48.8% in cash terms.
- The greatest percentage reduction in capital DEL is in the Delivery of effective sports and physical activity programmes action/SPA. This sees a reduction of £0.8 million, or 70.5% in cash terms.

Table 14: Heritage MEG 2010-11 to 2011-12 and cumulative change 2010-11 to 2013-14

Spending programme area	2010-11	2011-12	Change 2010-	Change 2010-	Real terms	Real terms	Cumulative	Cumulative	Real terms	Real terms
	Supplementary Budget	Draft Budget New Plans	11 to 11-12	11 to 11-12	change 2010-11 to 2011-12	change 2010-11 to 2011-12	change 2010-11 to 2013-14	change 2010-11 to 2013-14	change 2010-11 to 2013-14	change 2010-11 to 2013-14
	£000	£000	£000	per cent	£000	per cent	£000	per cent	£000	per cent
REVENUE DEL										
Support and sustain a strong arts sector via the Arts Council and others	36,530	35,437	-1,093	-3.0	-1,754	-4.8	-847	-2.3	-3,167	-8.7
Museums, Archives and Libraries	39,564	38,988	-576	-1.5	-1,303	-3.3	-1,322	-3.3	-3,808	-9.6
Delivery of effective sports & physical activity programmes	26,345	25,437	-908	-3.4	-1,382	-5.2	-1,492	-5.7	-3,108	-11.8
Promote wider use of the Welsh Language via the Welsh Language Board and others	17,919	17,889	-30	-0.2	-364	-2.0	65	0.4	-1,104	-6.2
Conserve, protect, sustain and promote access to the historic environment	5,540	5,509	-31	-0.6	-134	-2.4	-202	-3.6	-549	-9.9
Tourism	13,064	12,747	-317	-2.4	-555	-4.2	-438	-3.4	-1,259	-9.6
Total Revenue	138,962	136,007	-2,955	-2.1	-5,491	-4.0	-4,236	-3.0	-12,996	-9.4
CAPITAL DEL										
Support and sustain a strong arts sector via the Arts Council and others	1,090	460	-630	-57.8	-639	-58.6	-640	-58.7	-669	-61.4
Museums, Archives and Libraries	6,602	5,673	-929	-14.1	-1,035	-15.7	-2,559	-38.8	-2,822	-42.7
Delivery of effective sports & physical activity programmes	1,170	345	-825	-70.5	-831	-71.1	-825	-70.5	-847	-72.4
Promote wider use of the Welsh Language via the Welsh Language Board and others	125	75	-50	-40.0	-51	-41.1	0	0.0	-8	-6.5
Conserve, protect, sustain and promote access to the historic environment	6,135	5,500	-635	-10.4	-738	-12.0	-1,104	-18.0	-1,431	-23.3
Tourism	3,500	2,790	-710	-20.3	-762	-21.8	-1,187	-33.9	-1,337	-38.2
Total Capital	18,622	14,843	-3,779	-20.3	-4,056	-21.8	-6,315	-33.9	-7,115	-38.2
AME - Revenue										
Museums, Archives and Libraries	2,058	2,265	207	10.1	165	8.0	682	33.1	504	24.5
Total AME	2,058	2,265	207	10.1	165	8.0	682	33.1	504	24.5
Revenue DEL	138,962	136,007	-2,955	-2.1	-5,491	-4.0	-4,236	-3.0	-12,996	-9.4
Capital DEL	18,622	14,843	-3,779	-20.3	-4,056	-21.8	-6,315	-33.9	-7,115	-38.2
Total DEL	157,584	150,850	-6,734	-4.3	-9,547	-6.1	-10,551	-6.7	-20,111	-12.8
AME	2,058	2,265	207	10.1	165	8.0	682	33.1	504	24.5
TOTAL HERITAGE	159,642	153,115	-6,527	-4.1	-9,382	-5.9	-9,869	-6.2	-19,607	-12.3

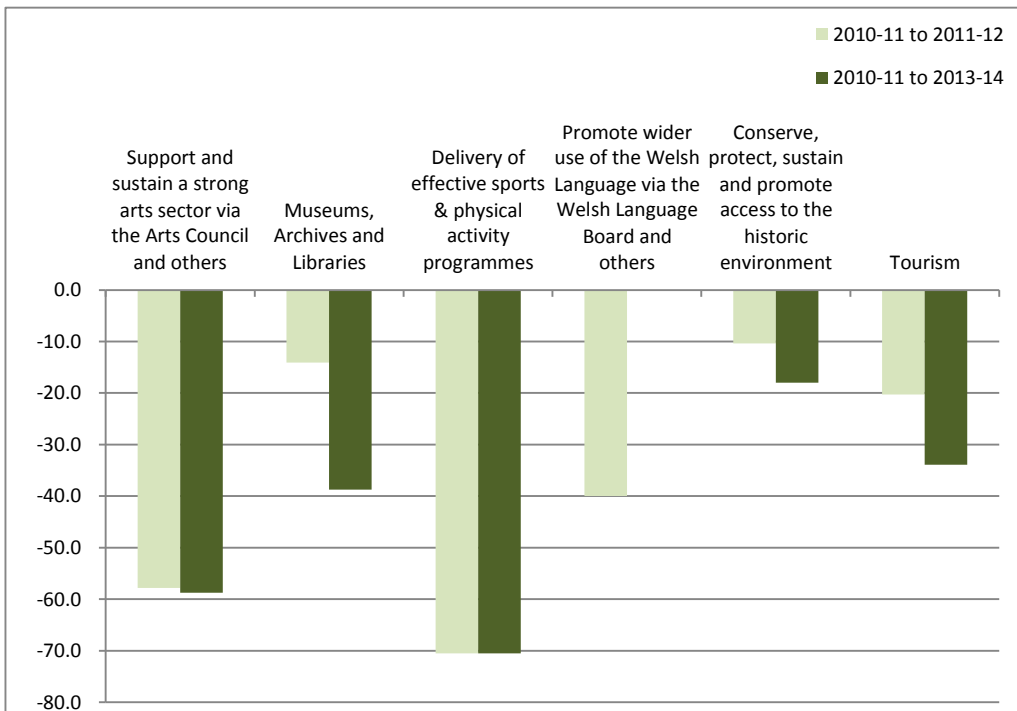
Source: Members' Research Service calculations from Welsh Government Draft Budget 2011-12.

Figure 17: Percentage change in HER revenue DEL (cash terms)



Source: Members' Research Service calculations from Welsh Government Draft Budget 2011-12.

Figure 18: Percentage change in HER capital DEL (cash terms)



Source: Members' Research Service calculations from Welsh Government Draft Budget 2011-12.

12. Public Services and Performance

[Table 15](#) provides information on allocations proposed within the Public Services and Performance (PSP) MEG. Figures [19](#) and [20](#) show the percentage changes in revenue and capital DEL in 2011-12 and the cumulative changes to 2013-14.

The report accompanying the Draft Budget states that:

Public services will face particular challenges in the years ahead, and the Department for Public Service Improvement is the Assembly Government's pivotal vehicle for supporting and leading the agenda for change, integration, and performance development across the public services in Wales. We will therefore continue to invest during the coming years in the Efficiency and Innovation programme and in the development of Local Service Boards. Effective Regulation and Inspection is also crucial to support continuous improvement in public services and to assure and safeguard standards of provision for the people of Wales.⁶⁸

Total DEL

- 2010-11 to 2011-12: reduction of £6.6 million (9.4%); representing a real terms reduction of £7.8 million (11.1%);
- 2011-12 to 2012-13: reduction of £2.9 million (4.5%); representing a real terms reduction of £4.2 million (6.6%);
- 2012-13 to 2013-14: reduction of £3.9 million (6.3%); representing a real terms reduction of £5.3 million (8.7%);
- Over the budget period there is a cumulative reduction of £13.3 million (19.0%); representing a real terms reduction of £17.1 million (24.2%).

Revenue DEL

- 2010-11 to 2011-12: reduction of £2.3 million (4.6%); representing a real terms reduction of £3.1 million (6.4%);
- 2011-12 to 2012-13: reduction of £1.7 million (3.6%); representing a real terms reduction of £2.7 million (5.8%);
- 2012-13 to 2013-14: reduction of £2.1 million (4.8%); representing a real terms reduction of £3.2 million (7.2%);
- Over the budget period there is a cumulative reduction of £6.1 million (12.4%); representing a real terms reduction of £8.9 million (18.1%).

Capital DEL

- 2010-11 to 2011-12: reduction of £4.3 million (20.3%); representing a real terms reduction of £4.7 million (21.8%);

⁶⁸ Welsh Government, [Draft Budget 2011-12 Narrative](#) page 78 [accessed 8 Dec 2010]

- 2011-12 to 2012-13: reduction of £1.2 million (7%); representing a real terms reduction of £1.6 million (9.1%);
- 2012-13 to 2013-14: reduction of £1.7 million (10.9%); representing a real terms reduction of £2.1 million (13.1%);
- Over the budget period there is a cumulative reduction of £7.3 million (33.9%); representing a real terms reduction of £8.2 million (38.2%).

Changes within the MEG in 2011-12

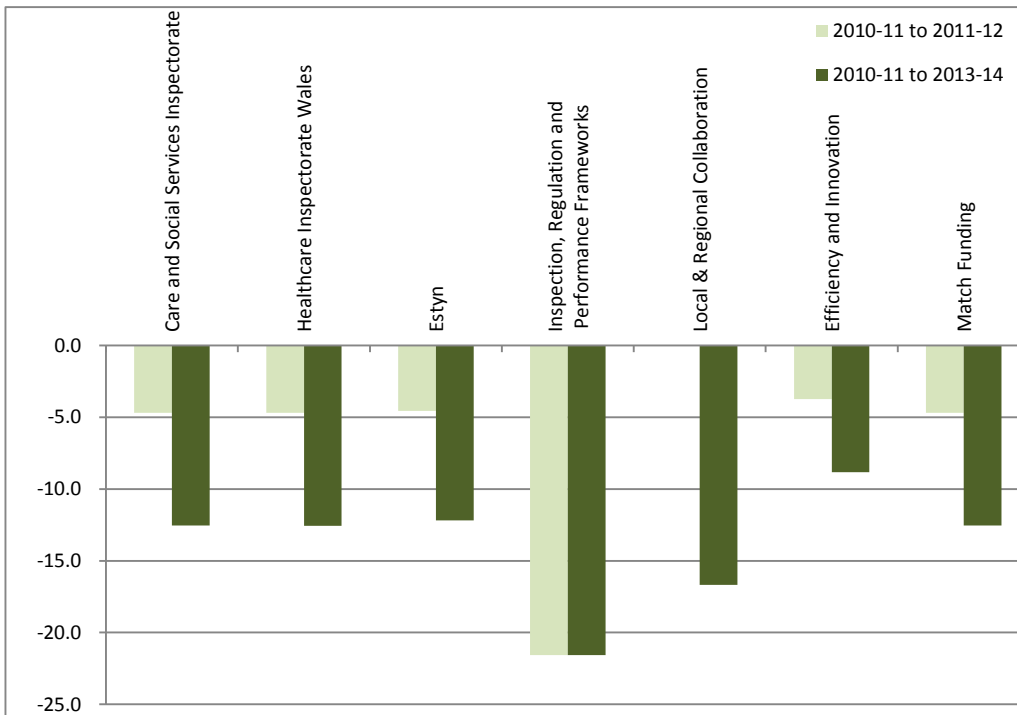
This section details the main changes within the PSP MEG at the spending programme area (SPA) and action level, as detailed in the expenditure allocations tables accompanying the Draft Budget 2011-12.⁶⁹ Further information can be found in the Draft Budget 2011-12 narrative document.⁷⁰

- There are no increases in revenue DEL. However, the Local and Regional Collaboration action/SPA is protected at £1.6 million, the same level as 2010-11.
- The greatest cash reduction in revenue DEL is seen in the Care and Social Services Inspectorate action/SPA. This sees a reduction of £0.8 million, or 4.7% in cash terms. It is stated that the Inspectorates are expected to deliver savings.
- The greatest percentage reduction in revenue DEL is in the Inspection, Regulation and Performance Frameworks action/SPA. This sees a reduction of £0.1 million, or 21.6% in cash terms.
- There are no capital DEL increases.
- The greatest reduction in capital DEL (both cash and percentage) is in the Match funding action/SPA. This sees a reduction of £4.3 million, or 20.3% in cash terms.

⁶⁹ Welsh Government, [Draft Budget 2011-12 Expenditure Allocations](#) [accessed 8 Dec 2010]

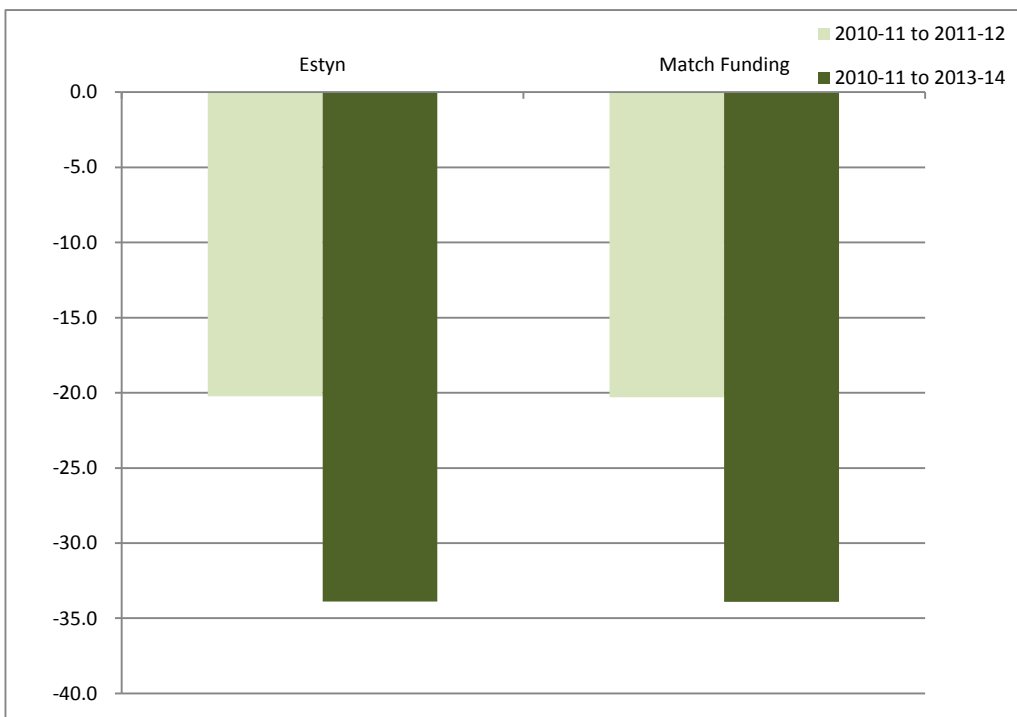
⁷⁰ Welsh Government, [Draft Budget 2011-12 Narrative](#) pages 78-83 [accessed 8 Dec 2010]

Figure 19: Percentage change in PSP revenue DEL (cash terms)



Source: Members' Research Service calculations from Welsh Government Draft Budget 2011-12.

Figure 20: Percentage change in PSP capital DEL (cash terms)



Source: Members' Research Service calculations from Welsh Government Draft Budget 2011-12.

Table 15: Public Services and Performance MEG 2010-11 to 2011-12 and cumulative change 2010-11 to 2013-14

Spending programme area	2010-11	2011-12	Change 2010-		Real terms	Real terms	Cumulative	Cumulative	Real terms	Real terms
	Supplementary Budget	Draft Budget New Plans	11 to 11-12	11 to 11-12	change 2010-11 to 2011-12	change 2010-11 to 2011-12	change 2010-11 to 2013-14	change 2010-11 to 2013-14	change 2010-11 to 2013-14	change 2010-11 to 2013-14
	£000	£000	£000	per cent	£000	per cent	£000	per cent	£000	per cent
REVENUE DEL										
Care and Social Services Inspectorate	16,534	15,757	-777	-4.7	-1,071	-6.5	-2,073	-12.5	-3,013	-18.2
Healthcare Inspectorate Wales	2,963	2,824	-139	-4.7	-192	-6.5	-372	-12.6	-540	-18.2
Estyn	14,080	13,437	-643	-4.6	-894	-6.3	-1,716	-12.2	-2,520	-17.9
Inspection, Regulation and Performance Frameworks	510	400	-110	-21.6	-117	-23.0	-110	-21.6	-136	-26.7
Local & Regional Collaboration	1,560	1,560	0	0.0	-29	-1.9	-260	-16.7	-345	-22.1
Efficiency and Innovation	3,321	3,197	-124	-3.7	-184	-5.5	-293	-8.8	-490	-14.8
Match Funding	10,000	9,530	-470	-4.7	-648	-6.5	-1,254	-12.5	-1,823	-18.2
Total Revenue	48,968	46,705	-2,263	-4.6	-3,134	-6.4	-6,078	-12.4	-8,867	-18.1
CAPITAL DEL										
Estyn	425	339	-86	-20.2	-92	-21.7	-144	-33.9	-162	-38.2
Match Funding	21,000	16,738	-4,262	-20.3	-4,574	-21.8	-7,122	-33.9	-8,024	-38.2
Total Capital	21,425	17,077	-4,348	-20.3	-4,666	-21.8	-7,266	-33.9	-8,187	-38.2
Revenue DEL	48,968	46,705	-2,263	-4.6	-3,134	-6.4	-6,078	-12.4	-8,867	-18.1
Capital DEL	21,425	17,077	-4,348	-20.3	-4,666	-21.8	-7,266	-33.9	-8,187	-38.2
Total DEL	70,393	63,782	-6,611	-9.4	-7,800	-11.1	-13,344	-19.0	-17,053	-24.2
AME	0	0	0	0.0	0	0.0	0	0.0	0	0.0
TOTAL PSP	70,393	63,782	-6,611	-9.4	-7,800	-11.1	-13,344	-19.0	-17,053	-24.2

Source: Members' Research Service calculations from Welsh Government Draft Budget 2011-12.

13. Central Services and Administration

[Table 16](#) provides information on allocations proposed within the Central Services and Administration (CSA) MEG. Figures [21](#) and [22](#) show the percentage changes in revenue and capital DEL in 2011-12 and the cumulative changes to 2013-14.

The report accompanying the Draft Budget states that:

Within the Central Services and Administration MEG revenue budget funding has been re-prioritised from Staff Costs in to General Administrative Expenditure to create a new workforce planning budget which will pay for early departures. We have removed a number of budget headings as programmes have come to an end and have allocated these resources to relieve pressures elsewhere in the budget.

As a result of the reductions to our capital budget, we plan to retain ICT assets in service longer resulting in a £0.7m reduction to this budget. The remainder of the capital budget is focused on improving accommodation and concentrating our workforce into fewer buildings which will create revenue savings in the longer term.⁷¹

Total DEL

- 2010-11 to 2011-12: reduction of £19.1 million (5.2%); representing a real terms reduction of £25.6 million (7.0%);
- 2011-12 to 2012-13: reduction of £11.9 million (3.4%); representing a real terms reduction of £19.4 million (5.6%);
- 2012-13 to 2013-14: reduction of £15.9 million (4.8%); representing a real terms reduction of £24.0 million (7.2%);
- Over the budget period there is a cumulative reduction of £47.0 million (12.8%); representing a real terms reduction of £67.7 million (18.5%).

Revenue DEL

- 2010-11 to 2011-12: reduction of £16.1 million (4.6%); representing a real terms reduction of £22.3 million (6.4%);
- 2011-12 to 2012-13: reduction of £11.1 million (3.3%); representing a real terms reduction of £18.3 million (5.5%);
- 2012-13 to 2013-14: reduction of £14.7 million (4.6%); representing a real terms reduction of £22.6 million (7%);
- Over the budget period there is a cumulative reduction of £41.8 million (11.9%); representing a real terms reduction of £61.9 million (17.7%).

⁷¹ Welsh Government, [Draft Budget 2011-12 Narrative](#) page 84 [accessed 8 Dec 2010]

Capital DEL

- 2010-11 to 2011-12: reduction of £3.1 million (20.3%); representing a real terms reduction of £3.3 million (21.8%);
- 2011-12 to 2012-13: reduction of £0.8 million (7%); representing a real terms reduction of £1.1 million (9.1%);
- 2012-13 to 2013-14: reduction of £1.2 million (10.9%); representing a real terms reduction of £1.5 million (13.1%);
- Over the budget period there is a cumulative reduction of £5.1 million (33.9%); representing a real terms reduction of £5.7 million (38.2%).

Changes within the MEG in 2011-12

This section details the main changes within the CSA MEG at the spending programme area (SPA) and action level, as detailed in the expenditure allocations tables accompanying the Draft Budget 2011-12.⁷² Further information can be found in the Draft Budget 2011-12 narrative document.⁷³

- The greatest increase in revenue DEL (both cash and percentage) is in the General Administration action within the Other Central Administration Costs SPA. This sees an increase of £10.0 million, or 35.7% in cash terms.
- The greatest cash reduction in revenue DEL is seen in the Staff Costs action/SPA. This sees a reduction of £15.3 million, or 6.2% in cash terms. It is stated that there has been a net reduction of 434 staff members, mostly under the early departure scheme, representing a 7.8% reduction in staff numbers.
- The greatest percentage reductions in revenue DEL are seen in the following actions within the Other Central Administration Costs SPA, all of which are reduced to zero: Quinquennial Reviews, action; International Development action; All Wales Convention action; Independent Commission on Funding and Finance action; and Improvement Fund action.
- There are no capital DEL increases.
- The greatest reduction in capital DEL (both cash and percentage) is in the Location Strategy action within the Other Central Administration Costs SPA. This sees a reduction of £2.0 million, or 40.0% in cash terms.

⁷² Welsh Government, [Draft Budget 2011-12 Expenditure Allocations](#) [accessed 8 Dec 2010]

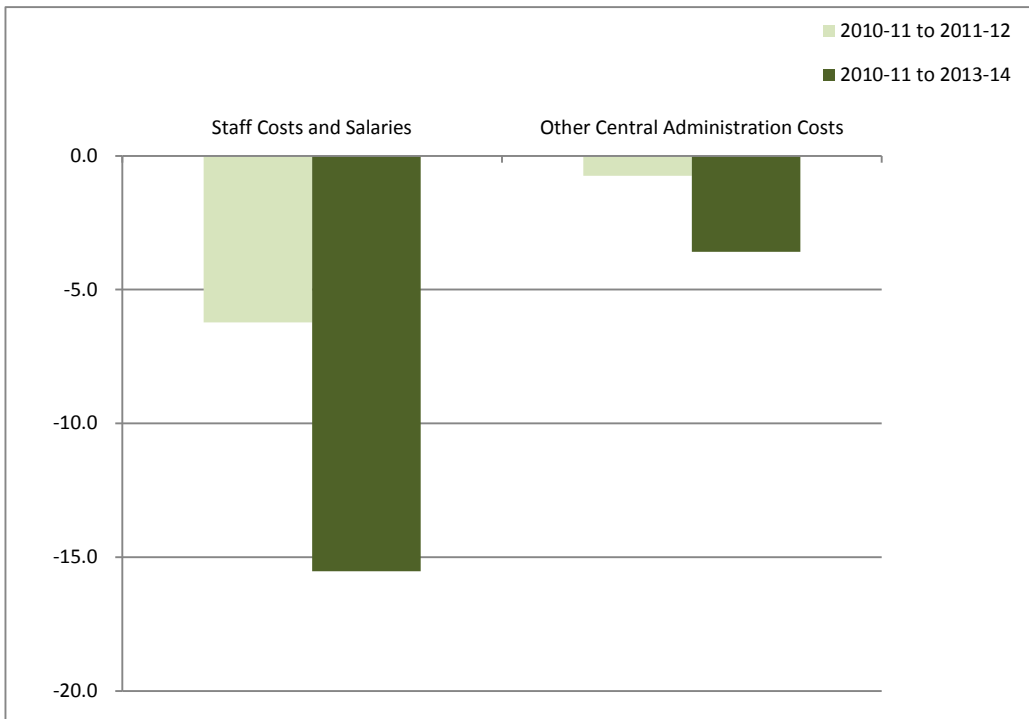
⁷³ Welsh Government, [Draft Budget 2011-12 Narrative](#) pages 84-87 [accessed 8 Dec 2010]

Table 16: Central Services and Administration MEG 2010-11 to 2011-12 and cumulative change 2010-11 to 2013-14

Spending programme area	2010-11	2011-12	Change 2010-11 to 11-12	Change 2010-11 to 11-12	Real terms change 2010-11 to 2011-12	Real terms change 2010-11 to 2011-12	Cumulative change 2010-11 to 2013-14	Cumulative change 2010-11 to 2013-14	Real terms cumulative change 2010-11 to 2013-14	Real terms cumulative change 2010-11 to 2013-14
	Supplementary Budget	Draft Budget New Plans								
REVENUE DEL										
Staff Costs and Salaries	245,322	230,039	-15,283	-6.2	-19,572	-8.0	-38,097	-15.5	-51,571	-21.0
Other Central Administration Costs	105,266	104,478	-788	-0.7	-2,736	-2.6	-3,773	-3.6	-10,372	-9.9
Total Revenue	350,588	334,517	-16,071	-4.6	-22,308	-6.4	-41,870	-11.9	-61,943	-17.7
CAPITAL DEL										
Other Central Administration Costs	15,033	11,982	-3,051	-20.3	-3,274	-21.8	-5,098	-33.9	-5,744	-38.2
Total Capital	15,033	11,982	-3,051	-20.3	-3,274	-21.8	-5,098	-33.9	-5,744	-38.2
AME - Revenue										
Total Staff Costs & Salaries	0	924	924	..	907	..	-668	..	-625	..
Total AME	0	924	924	..	907	..	-668	..	-625	..
Revenue DEL	350,588	334,517	-16,071	-4.6	-22,308	-6.4	-41,870	-11.9	-61,943	-17.7
Capital DEL	15,033	11,982	-3,051	-20.3	-3,274	-21.8	-5,098	-33.9	-5,744	-38.2
Total DEL	365,621	346,499	-19,122	-5.2	-25,583	-7.0	-46,968	-12.8	-67,686	-18.5
AME	0	924	924	..	907	..	-668	..	-625	..
TOTAL CSA	365,621	347,423	-18,198	-5.0	-24,676	-6.7	-47,636	-13.0	-68,311	-18.7

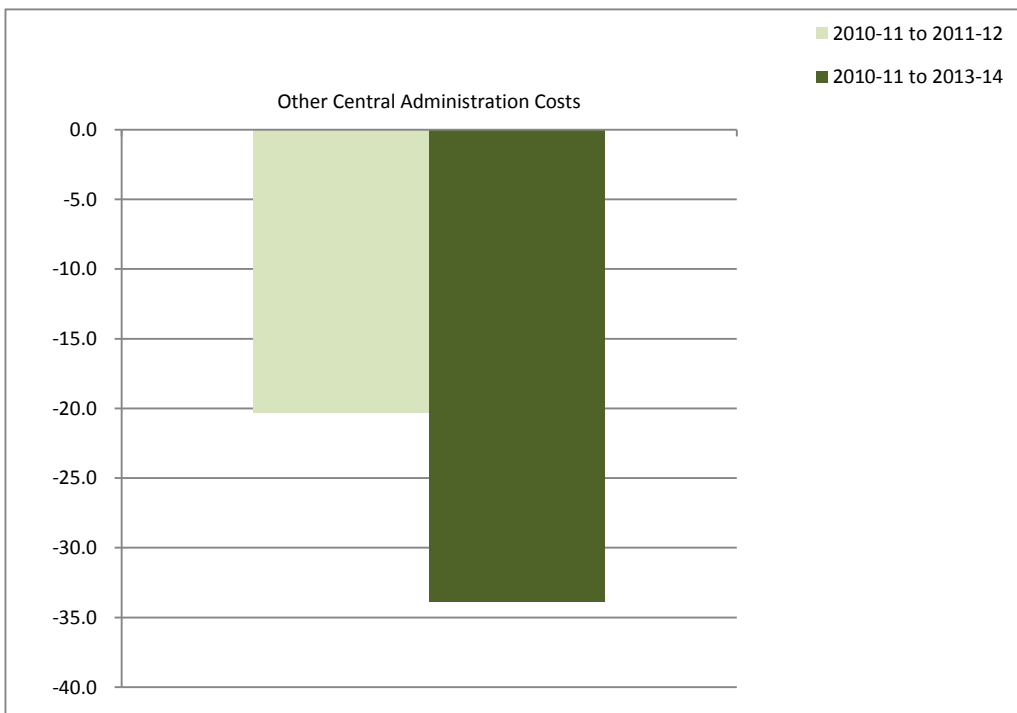
Source: Members' Research Service calculations from Welsh Government Draft Budget 2011-12.

Figure 21: Percentage change in CSA revenue DEL (cash terms)



Source: Members' Research Service calculations from Welsh Government Draft Budget 2011-12.

Figure 22: Percentage change in CSA capital DEL (cash terms)



Source: Members' Research Service calculations from Welsh Government Draft Budget 2011-12.