

**National Assembly for Wales**  
Research paper

# Draft Budget Proposals 2014-15

November 2013

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Enquiry no: 13/2643

Paper number: 13/076

**National Assembly for Wales**  
Research paper

## Draft Budget Proposals 2014-15

November 2013

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This paper is intended to inform scrutiny of the Welsh Government's Draft Budget Proposals 2014-15. It provides an overview of the available Welsh block, the Welsh Government's spending plans for 2014-15 and how these compare to 2013-14 and previous indicative plans. It also provides commentary on the major changes in each of the portfolio areas, showing further analysis and drawing on wider information than is available in the published budget documents where possible.

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## **Outline of paper**

This paper provides an overview of the Welsh Government's Draft Budget Proposals 2014-15, as laid before the National Assembly for Wales on 8 October 2013.

Section 1 introduces the Draft Budget Proposals 2014-15, including the Budget Agreement.

Section 2 provides an overview of the changes within the Welsh block and Welsh Government departmental allocations, both in comparison to indicative plans and on a year-on-year basis.

Sections 3 to 11 consider each Welsh Government portfolio in more detail, looking at the changes in allocations compared to indicative plans and on a year-on-year basis. Where possible the reasons for changes to allocations are also explored.



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## 1. Draft Budget Proposals 2014-15

The Minister for Finance, Jane Hutt AM, laid the Welsh Government's Draft Budget Proposals 2014-15<sup>1</sup> before the National Assembly on 8 October 2013. These were accompanied by a narrative document,<sup>2</sup> action tables<sup>3</sup> and an oral statement.<sup>4</sup> In the foreword to the narrative document, the Minister states:

Our Budget proposals are influenced by the cuts we are facing but we have shaped our plans to respond to the needs of Wales. We have also forged an agreement with Plaid Cymru and the Welsh Liberal Democrats to deliver a response to two of the key challenges facing Wales, including our commitment to break the link between poverty and educational attainment and to promote the integration of health and social care. Throughout our Draft Budget 2014-15 preparations, we have been open about the very stark reality surrounding the difficult financial decisions that lay ahead. In shaping our plans, we have listened to our key partners, the third sector and service users to understand their priorities and to explore how we can respond to the challenges together. This reflects the importance we place on partnership working across the public, private and third sector, to deliver the outcomes we want to see for Wales.<sup>5</sup>

**Note that all real terms calculations shown in this paper have been calculated using HM Treasury's GDP deflators** (as updated in September 2013). The estimates used are: 1.9% for 2014-15 and 1.8% for 2015-16

It is important to consider whether the GDP deflator forecasts adequately represent the cost pressures on the public sector, which may be influenced by wage and contractor costs.

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<sup>1</sup> Welsh Government, [Draft Budget Proposals 2014-15](#), October 2013 [accessed 22 October 2013]

<sup>2</sup> Welsh Government, [Draft Budget 2014-15 Narrative](#), October 2013 [accessed 22 October 2013]

<sup>3</sup> Welsh Government, [Draft Budget 2014-15 Action Tables](#), October 2013 [accessed 22 October 2013]

<sup>4</sup> Welsh Government, Jane Hutt (Minister for Finance), [Draft Budget 2014-15](#), Cabinet Oral Statement, 8 October 2013 [accessed 22 October 2013]

<sup>5</sup> Welsh Government, [Draft Budget 2014-15 Narrative](#), October 2013 (page 1) [accessed 22 October 2013]

## 1.1. Budget Agreement

On 8 October, before the Draft Budget proposals were released, an ‘unprecedented’ agreement of between the Welsh Government, Liberal Democrats and Plaid Cymru was announced.<sup>6</sup> This agreement was worth £100 million and included:

- £35m boost to the Pupil Deprivation Grant;
- £50m for an innovative new Intermediate Care Fund;
- £5.5m to mitigate planned cuts to the Supporting People Programme; and
- £9.5 million additional funding for the Health Technology & Telemedicine Fund.

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<sup>6</sup> Welsh Government News Release, [\*A joint statement from Carwyn Jones, First Minister, Leanne Wood, Leader of Plaid Cymru and Kirsty Williams, Leader of Welsh Liberal Democrats\*](#), 8 October 2013 [accessed 18 October 2013]

## 2. Overview of the Welsh Block

Schedule 6 of the Draft Budget Proposals 2014-15<sup>7</sup> shows **£16 billion has been made available by HM Treasury for the total Welsh block** in 2014-15 financial year.

Figures used by the Welsh Government as the 2013-14 baseline, are those from the Supplementary Budget 2013-14 in June 2013.<sup>8</sup> There has been no adjustment to the 2013-14 baseline, however the 2014-15 indicative figures in the supplementary budget 2013-14 have been restated, the adjustments made mainly result from transfers with the UK Government and are shown in Annex C to the Draft Budget 2014-15 narrative document.<sup>9</sup>

### 2.1. Total managed expenditure (TME)<sup>10</sup>

**TME in the Welsh block £16 billion in 2014-15, and £16.1 billion in 2015-16.**

**TME allocated to Welsh Government departments is £15.7 billion in 2014-15, and £15.5 billion in 2015-16.**

#### *Change in comparison to indicative plans*

[Table 1](#) shows the changes to TME since previous indicative plans (as at Supplementary Budget 2013-14).

TME in the Welsh block for 2014-15 has increased by £132.9 million, or 0.8%. TME allocated to Welsh Government MEGs for 2014-15 has increased by £144.8 million, or 0.9%. This change includes allocations of £548.1 million, reductions of £402.7 million, and £0.6 million in transfers to the UK Government.

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<sup>7</sup> Welsh Government, [Draft Budget Proposals 2014-15](#), October 2013 (Schedule 6 page 25) [accessed 22 October 2013]

<sup>8</sup> Welsh Government, [Supplementary Budget 2013-14](#), June 2013 [accessed 22 October 2013]

<sup>9</sup> Welsh Government, [Draft Budget 2014-15 Narrative](#), (Annex C) October 2013 [accessed 22 October 2013]

<sup>10</sup> **Total managed expenditure (TME)** - the combined total of the two budget elements annually managed expenditure (AME) and departmental expenditure limits (DEL).

## Year-on-year changes

**Table 2** shows year-on-year changes to TME within the Welsh block (i.e. allocations to the Welsh Government, plus provision for the direct funded bodies<sup>11</sup>, reserves and direct charges, but excluding provision for the Wales Office).

In comparison to 2013-14 TME in the Welsh block has increased by £209.4 million or 1.3% (0.6% real terms reduction). Over the course of the budget period (2013-14 to 2015-16) this shows an overall increase of £339.1 million, or 2.1% (1.5% real terms reduction).

In comparison to 2013-14 TME allocated to Welsh Government departments (or main expenditure groups, MEGs)<sup>12</sup> has increased by £182.6 million, or 1.2% (0.7% real terms reduction). Over the course of the budget period (2013-14 to 2015-16) this shows an overall increase of £7.5 million, or zero per cent (3.6% real terms reduction).

**Table 1: Changes to TME since indicative plans in Supplementary Budget 2013-14**

Main Expenditure Group	2014-15 indicative at Supplementary Budget 2013-14	2014-15 Draft Budget	Change Supplementary Budget 2013-14 indicative 2014-15 to Draft Budget 2014-15	
	£000	£000	£000	per cent
Health and Social Services	6,408,640	6,544,725	136,085	2.1
Local Government	4,708,651	4,612,801	-95,850	-2.0
Communities and Tackling Poverty	212,321	212,696	375	0.2
Economy, Science and Transport	940,088	977,185	37,097	3.9
Education and Skills	2,033,472	1,986,842	-46,630	-2.3
Natural Resources and Food	395,423	418,610	23,187	5.9
Housing and Regeneration	372,263	464,639	92,376	24.8
Culture and Sport	140,995	139,900	-1,095	-0.8
Central Services and Administration	350,434	349,703	-731	-0.2
<b>Total Welsh Government TME Allocations</b>	<b>15,562,287</b>	<b>15,707,101</b>	<b>144,814</b>	<b>0.9</b>
Revenue Reserves*	220,025	237,491	17,466	7.9
Capital Reserves *	41,858	12,767	-29,091	-69.5
Assembly Commission	51,098	51,098	0	0.0
Auditor General for Wales	5,244	5,224	-20	-0.4
Public Services Ombudsman for Wales	4,204	3,980	-224	-5.3
Direct Charges	645	645	0	0.0
<b>Total Wales TME</b>	<b>15,885,361</b>	<b>16,018,306</b>	<b>132,945</b>	<b>0.8</b>

Source: Research Service calculations from Welsh Government Draft Budget 2014-15.

2014-15 indicative figures at the Supplementary Budget incorporate baseline adjustments as detailed in Annex C of the explanatory document to Draft Budget 2014-15

<sup>11</sup> The direct funded bodies are the National Assembly for Wales Commission, the Public Services Ombudsman for Wales and the Auditor General for Wales.

<sup>12</sup> **Main expenditure groups (MEGs)** - The Welsh Government's budget is broken down into several levels of detail for monitoring and control purposes. Main expenditure groups (MEG) are at the highest level of this detail and correspond to Ministerial portfolios or ambits. Below MEG level, expenditure is identified by spending programme areas (SPAs) and, within these, actions.

**Table 2: Year-on-year changes to TME**

Main Expenditure Group	2013-14	2014-15	2015-16	Change 2013-14 to		Change 2014-15 to		Overall change 2013-		Real terms change		Real terms change		Real terms overall	
	Supplementary	Draft	indicative	2014-15	per cent	2015-16	per cent	14 to 2015-16	per cent	2013-14 to 2014-15	per cent	2014-15 to 2015-16	per cent	change 2013-14 to	per cent
	£000	£000	£000	£000		£000		£000		£000		£000		£000	
Health and Social Services	6,319,093	6,544,725	6,568,532	225,632	3.6	23,807	0.4	249,439	3.9	103,601	1.6	-92,336	-1.4	12,986	0.2
Local Government	4,759,684	4,612,801	4,506,639	-146,883	-3.1	-106,162	-2.3	-253,045	-5.3	-232,892	-4.9	-185,847	-4.0	-415,274	-8.7
Communities and Tackling Poverty	212,006	212,696	205,984	690	0.3	-6,712	-3.2	-6,022	-2.8	-3,276	-1.5	-10,354	-4.9	-13,437	-6.3
Economy, Science and Transport	900,527	977,185	983,520	76,658	8.5	6,335	0.6	82,993	9.2	58,438	6.5	-11,055	-1.1	47,588	5.3
Education and Skills	2,037,661	1,986,842	1,945,790	-50,819	-2.5	-41,052	-2.1	-91,871	-4.5	-87,865	-4.3	-75,457	-3.8	-161,915	-7.9
Natural Resources and Food	413,902	418,610	402,651	4,708	1.1	-15,959	-3.8	-11,251	-2.7	-3,097	-0.7	-23,079	-5.5	-25,746	-6.2
Housing and Regeneration	394,930	464,639	447,502	69,709	17.7	-17,137	-3.7	52,572	13.3	61,045	15.5	-25,050	-5.4	36,463	9.2
Culture and Sport	142,462	139,900	140,603	-2,562	-1.8	703	0.5	-1,859	-1.3	-5,171	-3.6	-1,783	-1.3	-6,920	-4.9
Central Services and Administration	344,223	349,703	330,713	5,480	1.6	-18,990	-5.4	-13,510	-3.9	-1,040	-0.3	-24,838	-7.1	-25,415	-7.4
<b>Total Welsh Government TME Allocations</b>	<b>15,524,488</b>	<b>15,707,101</b>	<b>15,531,934</b>	<b>182,613</b>	<b>1.2</b>	<b>-175,167</b>	<b>-1.1</b>	<b>7,446</b>	<b>0.0</b>	<b>-110,257</b>	<b>-0.7</b>	<b>-449,798</b>	<b>-2.9</b>	<b>-551,669</b>	<b>-3.6</b>
Revenue Reserves*	144,491	237,491	415,648	93,000	64.4	178,157	75.0	271,157	187.7	88,572	61.3	170,808	71.9	256,195	177.3
Capital Reserves *	80,160	12,767	139,536	-67,393	-84.1	126,769	992.9	59,376	74.1	-67,631	-84.4	124,302	973.6	54,353	67.8
Assembly Commission	49,950	51,098	51,098	1,148	2.3	0	0.0	1,148	2.3	195	0.4	-904	-1.8	-691	-1.4
Auditor General for Wales	5,244	5,224	5,224	-20	-0.4	0	0.0	-20	-0.4	-117	-2.2	-92	-1.8	-208	-4.0
Public Services Ombudsman for Wales	3,942	3,980	3,980	38	1.0	0	0.0	38	1.0	-36	-0.9	-70	-1.8	-105	-2.7
Direct Charges	645	645	645	0	0.0	0	0.0	0	0.0	-12	-1.9	-11	-1.8	-23	-3.6
<b>Total Wales TME</b>	<b>15,808,920</b>	<b>16,018,306</b>	<b>16,148,065</b>	<b>209,386</b>	<b>1.3</b>	<b>129,759</b>	<b>0.8</b>	<b>339,145</b>	<b>2.1</b>	<b>-89,287</b>	<b>-0.6</b>	<b>-155,767</b>	<b>-1.0</b>	<b>-242,149</b>	<b>-1.5</b>

Source: Research Service calculations from Welsh Government Draft Budget 2014-15.

\* Note the large changes in reserves are misleading, as the 2013-14 reserves have already been partially allocated in-year, whereas those for future years remain in reserve.

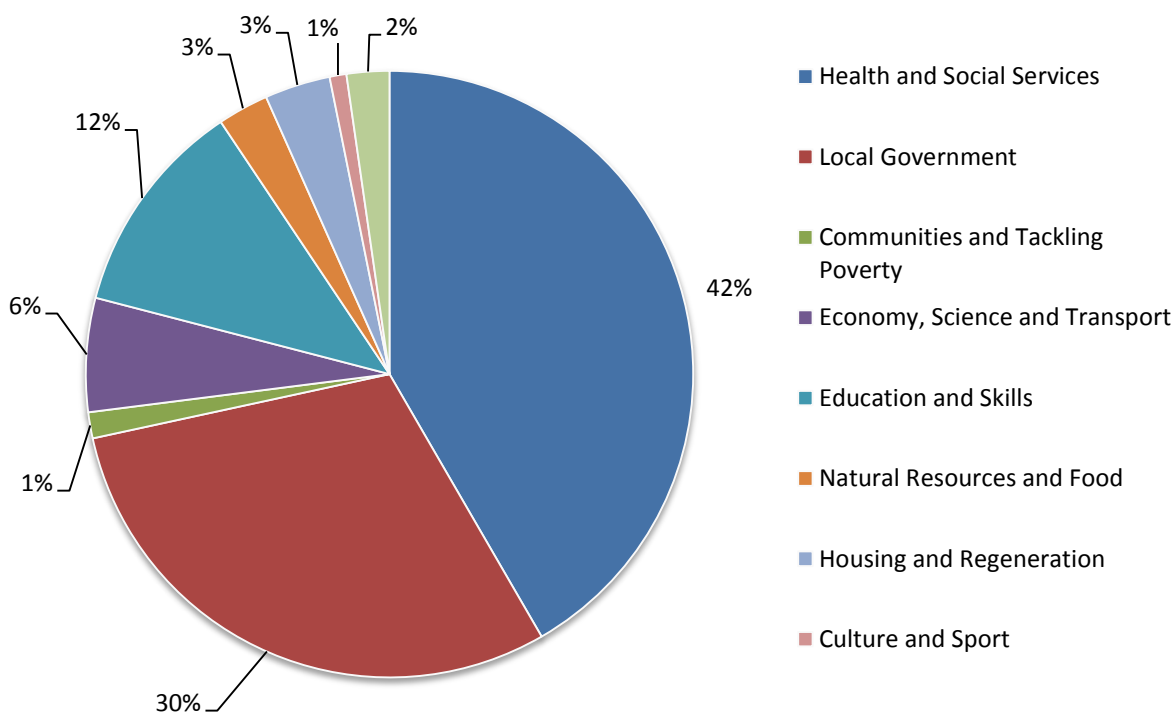
## 2.2. Total departmental expenditure limit (DEL)<sup>13</sup>

Total DEL in the Welsh block is £15.6 billion in 2014-15, and £15.7 billion in 2015-16.

Total DEL allocated to Welsh Government MEGs is £15.3 billion in 2014-15, and £15.1 billion in 2015-16.

**Figure 1** shows the proportion of total DEL allocation to each MEG in 2014-15. From this it can be seen that taken together the Health and Social Services and Local Government MEGs makes up over 70 per cent of the total Welsh Government DEL budget.

**Figure 1: Proportion of total DEL allocation to each MEG in 2014-15**



Source: Research Service calculations from Welsh Government Draft Budget 2014-15

<sup>13</sup> **Departmental expenditure limit (DEL)** - Normally set over three or four years as part of the UK Government's spending review process, this is the multi-year budget limit for the Welsh Government. Most of the DEL is unhypothecated (the assigned budget) and allows the Welsh Government full discretion over its spending priorities. Changes in provision for these items are determined by the Barnett formula. Some elements of DEL however, are hypothecated and can only be used for specified purposes (the non-assigned budget).

### *Change in comparison to indicative plans*

**Table 3** shows the changes to total DEL since previous indicative plans (as at Supplementary Budget 2013-14).

Total DEL in the Welsh block for 2014-15 has increased by £146.7 million, or 0.9%.

Total DEL allocated to Welsh Government MEGs for 2014-15 has increased by £158.4 million, or 1.0%. This change includes allocations of £514.3 million, reductions of £355.3 million, and £0.6 million in transfers to the UK Government.

### *Year-on-year changes*

**Table 4** shows year-on-year changes to total DEL (revenue plus capital) in the Welsh block.

In comparison to 2013-14 total DEL in the Welsh block has increased by £135.9 million, or 0.9% (1.0% real terms reduction). Over the course of the budget period (2013-14 to 2015-16) this shows an overall increase of £230.7 million, or 1.5% (2.2% real terms reduction).

In comparison to 2013-14 total DEL allocation to Welsh Government MEGs has increased by £109.1 million, or 0.7% (1.2% real terms reduction). Over the course of the budget period (2013-14 to 2015-16) this shows an overall decrease of £101 million, or 0.7% (4.2% real terms reduction).

**Figure 2** shows the total DEL allocations to each MEG in each year of the budget period, and **figure 3** shows the percentage change in total DEL to each MEG between 2013-14 and 2014-15 plotted against the overall total DEL change to Welsh Government MEGS (a decrease of 0.7%). From this it can be seen that:

- The greatest percentage reduction in total DEL between 2013-14 and 2014-15 is in the **Education and Skills** MEG, with a reduction of 4.7%, (6.5% real terms reduction).
- The greatest percentage increase in total DEL is seen in the **Housing and Regeneration** MEG, with an increase of 15.0%, (12.8% real terms reduction).

**Table 3: Changes to total DEL since indicative plans in Supplementary Budget 2013-14**

Main Expenditure Group	2014-15 indicative at Supplementary Budget 2013-14	2014-15 Draft Budget	Change Supplementary Budget 2013-14 indicative 2014-15 to Draft Budget 2014-15	
	£000	£000	£000	per cent
Health and Social Services	6,195,212	6,378,630	183,418	3.0
Local Government	4,684,163	4,588,313	-95,850	-2.0
Communities and Tackling Poverty	212,321	212,696	375	0.2
Economy, Science and Transport	891,142	928,239	37,097	4.2
Education and Skills	1,850,323	1,772,758	-77,565	-4.2
Natural Resources and Food	395,423	415,710	20,287	5.1
Housing and Regeneration	443,263	535,639	92,376	20.8
Culture and Sport	138,255	137,160	-1,095	-0.8
Central Services and Administration	348,282	347,633	-649	-0.2
<b>Total Welsh Government DEL Allocations</b>	<b>15,158,384</b>	<b>15,316,778</b>	<b>158,394</b>	<b>1.0</b>
Revenue Reserves*	220,025	237,491	17,466	7.9
Capital Reserves *	41,858	12,767	-29,091	-69.5
Assembly Commission	50,598	50,598	0	0.0
Auditor General for Wales	5,244	5,224	-20	-0.4
Public Services Ombudsman for Wales	4,204	4,204	0	0.0
Direct Charges	645	645	0	0.0
<b>Total Wales DEL</b>	<b>15,480,958</b>	<b>15,627,707</b>	<b>146,749</b>	<b>0.9</b>

Source: Research Service calculations from Welsh Government Draft Budget 2014-15. 2014-15 indicative figures at the Supplementary Budget incorporate baseline adjustments as detailed in Annex C of the explanatory document to Draft Budget 2014-15



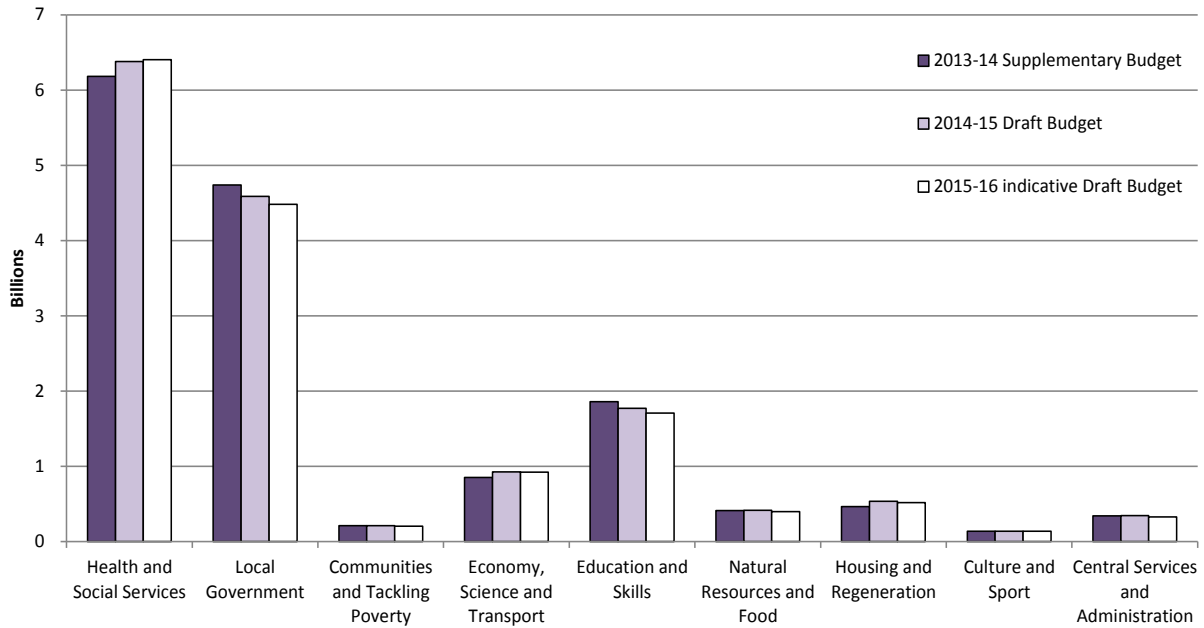
**Table 4: Year-on-year changes to total DEL**

Main Expenditure Group	2013-14	2014-15	2015-16	Change 2013-14 to 2014-15	Change 2014-15 to 2015-16	Overall change 2013-14 to 2015-16		Real terms change 2013-14 to 2014-15		Real terms change 2014-15 to 2015-16		Real terms overall change 2013-14 to 2015-16			
	Supplementary Budget	Draft Budget	indicative Draft Budget			£000	per cent	£000	per cent	£000	per cent	£000	per cent	£000	per cent
Health and Social Services	6,182,203	6,378,630	6,403,132	196,427	3.2	24,502	0.4	220,929	3.6	77,493	1.3	-88,716	-1.4	-9,569	-0.2
Local Government	4,737,828	4,588,313	4,482,151	-149,515	-3.2	-106,162	-2.3	-255,677	-5.4	-235,067	-5.0	-185,414	-4.0	-417,024	-8.8
Communities and Tackling Poverty	212,006	212,696	205,984	690	0.3	-6,712	-3.2	-6,022	-2.8	-3,276	-1.5	-10,354	-4.9	-13,437	-6.3
Economy, Science and Transport	852,609	928,239	923,395	75,630	8.9	-4,844	-0.5	70,786	8.3	58,322	6.8	-21,171	-2.3	37,546	4.4
Education and Skills	1,860,792	1,772,758	1,707,928	-88,034	-4.7	-64,830	-3.7	-152,864	-8.2	-121,088	-6.5	-95,029	-5.4	-214,346	-11.5
Natural Resources and Food	413,902	415,710	399,751	1,808	0.4	-15,959	-3.8	-14,151	-3.4	-5,943	-1.4	-23,027	-5.5	-28,541	-6.9
Housing and Regeneration	465,930	535,639	518,502	69,709	15.0	-17,137	-3.2	52,572	11.3	59,722	12.8	-26,305	-4.9	33,907	7.3
Culture and Sport	139,722	137,160	137,590	-2,562	-1.8	430	0.3	-2,132	-1.5	-5,119	-3.7	-2,003	-1.5	-7,085	-5.1
Central Services and Administration	342,672	347,633	328,226	4,961	1.4	-19,407	-5.6	-14,446	-4.2	-1,521	-0.4	-25,211	-7.3	-26,261	-7.7
<b>Total Welsh Government DEL Allocations</b>	<b>15,207,664</b>	<b>15,316,778</b>	<b>15,106,659</b>	<b>109,114</b>	<b>0.7</b>	<b>-210,119</b>	<b>-1.4</b>	<b>-101,005</b>	<b>-0.7</b>	<b>-176,479</b>	<b>-1.2</b>	<b>-477,231</b>	<b>-3.1</b>	<b>-644,811</b>	<b>-4.2</b>
Revenue Reserves	144,491	237,491	415,648	93,000	64.4	178,157	75.0	271,157	187.7	88,572	61.3	170,808	71.9	256,195	177.3
Capital Reserves *	80,160	12,767	139,536	-67,393	-84.1	126,769	992.9	59,376	74.1	-67,631	-84.4	124,302	973.6	54,353	67.8
Assembly Commission	49,450	50,598	50,598	1,148	2.3	0	0.0	1,148	2.3	205	0.4	-895	-1.8	-673	-1.4
Auditor General for Wales	5,244	5,224	5,224	-20	-0.4	0	0.0	-20	-0.4	-117	-2.2	-92	-1.8	-208	-4.0
Public Services Ombudsman for Wales	4,144	4,204	4,204	60	1.4	0	0.0	60	1.4	-18	-0.4	-74	-1.8	-91	-2.2
Direct Charges	645	645	645	0	0.0	0	0.0	0	0.0	-12	-1.9	-11	-1.8	-23	-3.6
<b>Total Wales DEL</b>	<b>15,491,798</b>	<b>15,627,707</b>	<b>15,722,514</b>	<b>135,909</b>	<b>0.9</b>	<b>94,807</b>	<b>0.6</b>	<b>230,716</b>	<b>1.5</b>	<b>-155,481</b>	<b>-1.0</b>	<b>-183,194</b>	<b>-1.2</b>	<b>-335,259</b>	<b>-2.2</b>

Source: Research Service calculations from Welsh Government Draft Budget 2014-15.

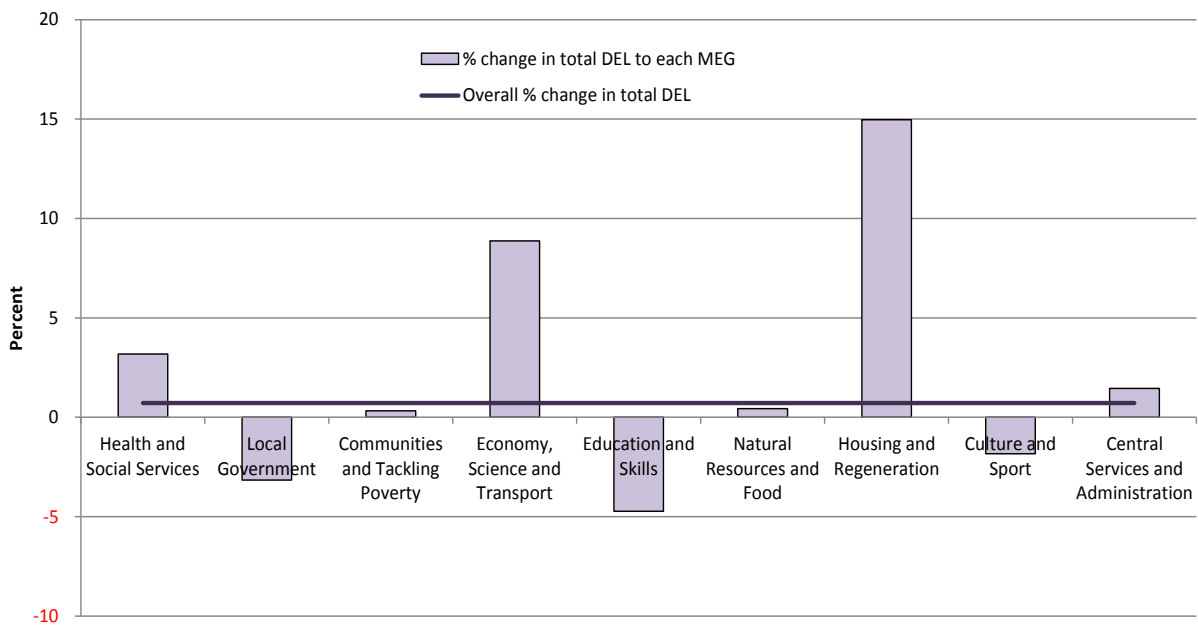
\* Note the large changes in reserves are misleading, as the 2013-14 reserves have already been partially allocated in-year, whereas those for future years remain in reserve.

**Figure 2: Total DEL by MEG in cash terms, 2013-14 to 2014-15**



Source: Research Service calculations from Welsh Government Draft Budget 2014-15

**Figure 3: Percentage change in total DEL 2013-14 to 2014-15 (cash terms)**



Source: Research Service calculations from Welsh Government Draft Budget 2014-15

## 2.3. Revenue DEL

**Revenue DEL in the block is £14.2 billion in 2014-15 and £14.3 billion in 2015-16.**

**Revenue DEL allocated to Welsh Government MEGs is £13.9 billion in 2014-15, and 13.8 billion in 2015-16.**

**Revenue reserves** in 2014-15 are £237.5 million, or 1.6% of the revenue DEL in the block. This is a similar level of revenue reserves at the time of the draft budget 2013-14 (1.5% revenue DEL).

### *Change in comparison to indicative plans*

**Table 5** shows the changes to revenue DEL since previous indicative plans.

Revenue DEL in the Welsh block for 2014-15 has decreased by £83 million, or 0.6%.

Revenue DEL allocated to Welsh Government MEGs for 2014-15 has decreased by £100.4 million, or 0.7%. This is the net result of £255.5 million additional allocations, offset by a £0.6 million transfer to the UK Government and revenue reductions of £355.3 million.

### *Year-on-year changes*

**Table 6** shows year-on-year changes to revenue DEL in the Welsh block.

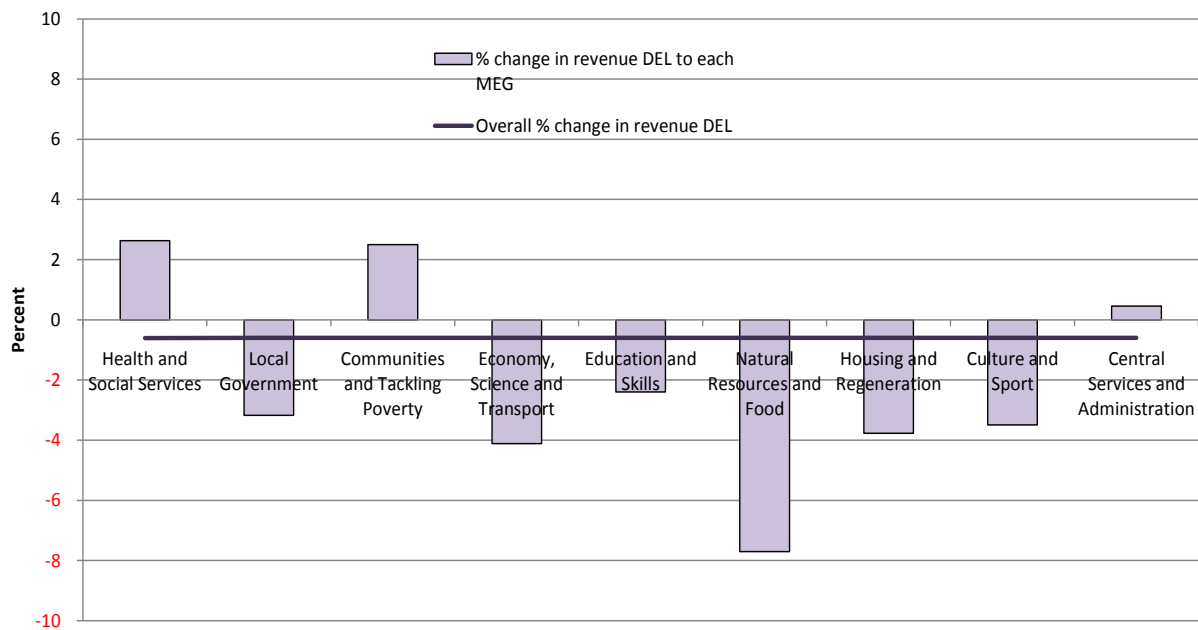
In comparison to 2013-14 revenue DEL in the Welsh block increases by £8.6 million, or 0.1% (1.8% real terms reduction). Over the course of the budget period (2013-14 to 2015-16) this shows an overall increase of £74.2 million, or 0.5% (3.1% real terms reduction).

In comparison to 2013-14 revenue DEL allocated to Welsh Government MEGs decreases by £85.3 million, or 0.6% (2.5% real terms reduction). Over the course of the budget period (2013-14 to 2015-16) this shows an overall decrease of £197.9 million, or 1.4% (5.0% real terms reduction).

**Figure 4** shows the percentage change in revenue DEL to each MEG between 2013-14 and 2014-15 plotted against the overall revenue DEL change to Welsh Government MEGs (a decrease of 0.6%). From this it can be seen that:

- The greatest percentage reduction in revenue DEL between 2013-14 and 2014-15 is in the **Natural Resources and Food** MEG, with a reduction of 7.7% (9.4% real terms reduction).
- The greatest percentage increase is seen in the **Health and Social Services** MEG, with an increase of 2.6% (0.7% real terms increase).

**Figure 4: Percentage change in revenue DEL by MEG in cash terms, 2013-14 to 2015-16**



Source: Research Service calculations from Welsh Government Draft Budget 2014-15

**Table 5: Changes to revenue DEL since indicative plans in Supplementary Budget 2013-14**

Main Expenditure Group	2014-15 indicative at Supplementary Budget 2013-14	2014-15 Draft Budget	Change Supplementary Budget 2013-14 indicative 2014-15 to Draft Budget 2014-15	
	£000	£000	£000	per cent
Health and Social Services	5,955,662	6,096,580	140,918	2.4
Local Government	4,661,243	4,565,393	-95,850	-2.1
Communities and Tackling Poverty	195,871	192,246	-3,625	-1.9
Economy, Science and Transport	540,146	513,243	-26,903	-5.0
Education and Skills	1,696,489	1,618,924	-77,565	-4.6
Natural Resources and Food	324,283	302,070	-22,213	-6.8
Housing and Regeneration	175,893	169,269	-6,624	-3.8
Culture and Sport	125,511	121,116	-4,395	-3.5
Central Services and Administration	324,469	320,320	-4,149	-1.3
<b>Total Welsh Government Revenue DEL</b>	<b>13,999,567</b>	<b>13,899,161</b>	<b>-100,406</b>	<b>-0.7</b>
Revenue Reserves*	220,025	237,491	17,466	7.9
Capital Reserves *	0	0	0	0.0
Assembly Commission	49,598	49,598	0	0.0
Auditor General for Wales	5,244	5,224	-20	-0.4
Public Services Ombudsman for Wales	4,191	4,191	0	0.0
Direct Charges	645	645	0	0.0
<b>Total Wales Revenue DEL</b>	<b>14,279,270</b>	<b>14,196,310</b>	<b>-82,960</b>	<b>-0.6</b>

Source: Research Service calculations from Welsh Government Draft Budget 2014-15.  
2014-15 indicative figures at the Supplementary Budget incorporate baseline adjustments as detailed in Annex C of the explanatory document to Draft Budget 2014-15

**Table 6: Year-on-year changes to revenue DEL**

Main Expenditure Group	2013-14	2014-15	2015-16	Change 2013-14 to 2014-15	Change 2014-15 to 2015-16	Overall change 2013-14 to 2015-16		Real terms change 2013-14 to 2014-15		Real terms change 2014-15 to 2015-16		Real terms overall change 2013-14 to 2015-16			
	Supplementary Budget	Draft Budget	indicative Draft Budget			£000	per cent	£000	per cent	£000	per cent	£000	per cent	£000	per cent
Health and Social Services	5,940,553	6,096,580	6,168,582	156,027	2.6	72,002	1.2	228,029	3.8	42,352	0.7	-37,069	-0.6	5,974	0.1
Local Government	4,714,908	4,565,393	4,459,231	-149,515	-3.2	-106,162	-2.3	-255,677	-5.4	-234,640	-5.0	-185,009	-4.1	-416,199	-8.8
Communities and Tackling Poverty	187,556	192,246	191,534	4,690	2.5	-712	-0.4	3,978	2.1	1,105	0.6	-4,099	-2.1	-2,917	-1.6
Economy, Science and Transport	535,288	513,243	505,099	-22,045	-4.1	-8,144	-1.6	-30,189	-5.6	-31,615	-5.9	-17,075	-3.3	-48,371	-9.0
Education and Skills	1,658,658	1,618,924	1,564,094	-39,734	-2.4	-54,830	-3.4	-94,564	-5.7	-69,920	-4.2	-82,486	-5.1	-150,868	-9.1
Natural Resources and Food	327,278	302,070	292,111	-25,208	-7.7	-9,959	-3.3	-35,167	-10.7	-30,840	-9.4	-15,124	-5.0	-45,682	-14.0
Housing and Regeneration	175,905	169,269	169,532	-6,636	-3.8	263	0.2	-6,373	-3.6	-9,792	-5.6	-2,735	-1.6	-12,476	-7.1
Culture and Sport	125,498	121,116	119,646	-4,382	-3.5	-1,470	-1.2	-5,852	-4.7	-6,640	-5.3	-3,586	-3.0	-10,159	-8.1
Central Services and Administration	318,859	320,320	316,791	1,461	0.5	-3,529	-1.1	-2,068	-0.6	-4,512	-1.4	-9,130	-2.9	-13,472	-4.2
<b>Total Welsh Government Revenue DEL</b>	<b>13,984,503</b>	<b>13,899,161</b>	<b>13,786,620</b>	<b>-85,342</b>	<b>-0.6</b>	<b>-112,541</b>	<b>-0.8</b>	<b>-197,883</b>	<b>-1.4</b>	<b>-344,502</b>	<b>-2.5</b>	<b>-356,312</b>	<b>-2.6</b>	<b>-694,171</b>	<b>-5.0</b>
Revenue Reserves*	144,491	237,491	415,648	93,000	64.4	178,157	75.0	271,157	187.7	88,572	61.3	170,808	71.9	256,195	177.3
Capital Reserves *	0	0	0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Assembly Commission	48,700	49,598	49,598	898	1.8	0	0.0	898	1.8	-27	-0.1	-877	-1.8	-887	-1.8
Auditor General for Wales	5,224	5,224	5,224	0	0.0	0	0.0	0	0.0	-97	-1.9	-92	-1.8	-188	-3.6
Public Services Ombudsman for Wales	4,131	4,191	4,191	60	1.5	0	0.0	60	1.5	-18	-0.4	-74	-1.8	-91	-2.2
Direct Charges	645	645	645	0	0.0	0	0.0	0	0.0	-12	-1.9	-11	-1.8	-23	-3.6
<b>Total Wales Revenue DEL</b>	<b>14,187,694</b>	<b>14,196,310</b>	<b>14,261,926</b>	<b>8,616</b>	<b>0.1</b>	<b>65,616</b>	<b>0.5</b>	<b>74,232</b>	<b>0.5</b>	<b>-256,085</b>	<b>-1.8</b>	<b>-186,560</b>	<b>-1.3</b>	<b>-439,166</b>	<b>-3.1</b>

Source: Research Service calculations from Welsh Government Draft Budget 2014-15.

\* Note the large changes in reserves are misleading, as the 2013-14 reserves have already been partially allocated in-year, whereas those for future years remain in reserve.

## 2.4. Capital DEL

**Capital DEL in the block is £1.4 billion in 2014-15, and £1.5 billion in 2015-16.**

**Capital DEL allocated to Welsh Government MEGs is £1.4 billion in 2014-15 and £1.3 billion in 2015-16.**

**Capital reserves** in 2013-14 are £12.8 million, or 0.9% of the capital DEL in the block. This is lower than the level of capital reserves at the time of the draft budget 2013-14 (1.6% capital DEL).

### *Change in comparison to indicative plans*

**Table 7** shows the changes to capital DEL since previous indicative plans.

Capital DEL in the Welsh block for 2014-15 has increased by £229.7 million, or 19.1%.

Capital DEL allocated to Welsh Government MEGs for 2014-15 has increased by £258.8 million, or 22.3%. This is entirely the result of additional allocations. Of these additional allocations, some £240.5 million are made in line with the Wales Infrastructure Investment Plan (WIIP), as detailed in the statement released by the Minister for Finance on 9 October 2013.<sup>14</sup>

### *Year-on-year changes*

**Table 8** shows the year-on-year changes to capital DEL in the Welsh block.

In comparison to 2013-14 capital DEL in the Welsh block increases by £127.3 million, or 9.8% (7.7% real terms increase). Over the course of the budget period (2013-14 to 2015-16) this shows an overall increase of £156.5 million, or 12.0% (8.0% real terms increase).

In comparison to 2013-14 capital DEL allocated to Welsh Government MEGs increases by £194.5 million, or 15.9% (13.7% real terms increase). Over the course of the budget period (2013-14 to 2015-16) this shows an overall increase of £96.9 million, or 7.9% (4.0% real terms increase).

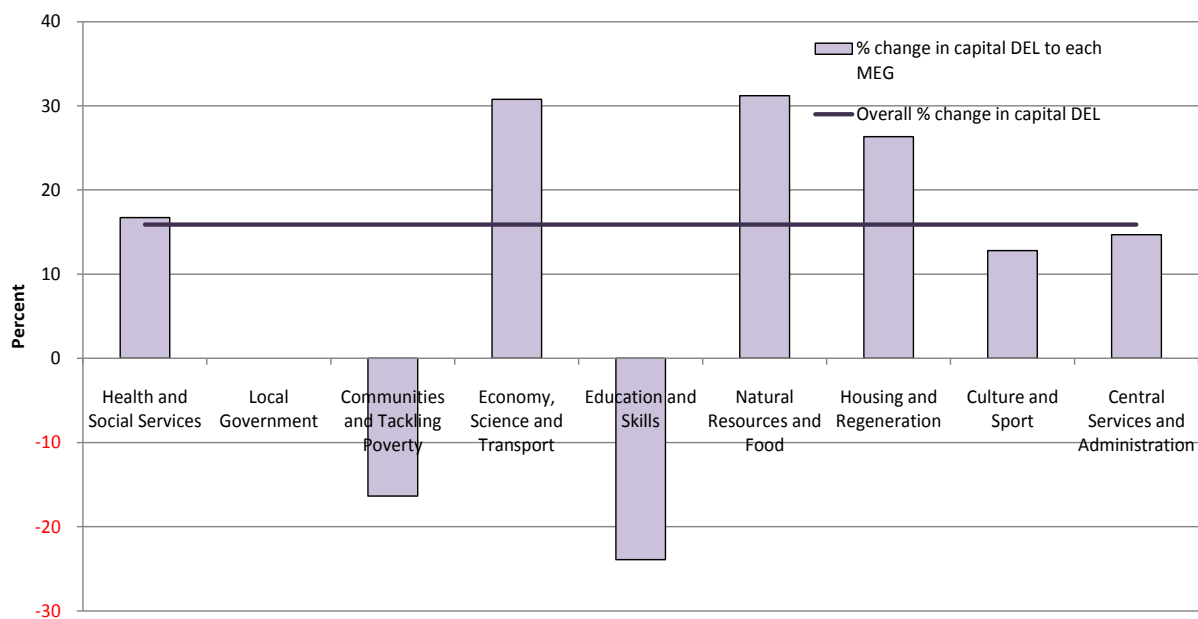
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<sup>14</sup> Welsh Government, Jane Hutt (Minister for Finance), Cabinet (Written) Statement, [Wales Infrastructure Investment Plan: Additional Capital Allocations](#), 9 October 2013 [accessed 22 October 2013]

**Figure 5** shows the percentage change in capital DEL to each MEG between 2013-14 and 2014-15 plotted against the overall capital DEL change to Welsh Government MEGs (an increase of 15.9%). From this it can be seen that:

- The greatest percentage reduction in capital DEL between 2013-14 and 2014-15 is in the **Education and Skills** MEG, with a reduction of 23.9% (25.3% real terms reduction).
- The greatest percentage increase in capital DEL between 2013-14 and 2014-15 is in the **Natural Resources and Food** MEG, with an increase of 31.2% (28.7% real terms increase).

**Figure 5: Percentage change in capital DEL by MEG in cash terms, 2013-14 to 2015-16**



Source: Research Service calculations from Welsh Government Draft Budget 2014-15



**Table 7: Changes to capital DEL since indicative plans in Supplementary Budget 2013-14**

Main Expenditure Group	2014-15 indicative at Supplementary Budget 2013-14	2014-15 Draft Budget	Change Supplementary Budget 2013-14 indicative 2014-15 to Draft Budget 2014-15	
	£000	£000	£000	per cent
Health and Social Services	239,550	282,050	42,500	17.7
Local Government	22,920	22,920	0	0.0
Communities and Tackling Poverty	16,450	20,450	4,000	24.3
Economy, Science and Transport	350,996	414,996	64,000	18.2
Education and Skills	153,834	153,834	0	0.0
Natural Resources and Food	71,140	113,640	42,500	59.7
Housing and Regeneration	267,370	366,370	99,000	37.0
Culture and Sport	12,744	16,044	3,300	25.9
Central Services and Administration	<b>23,813</b>	27,313	3,500	14.7
<b>Total Welsh Government Capital DEL Allocations</b>	<b>1,158,817</b>	<b>1,417,617</b>	<b>258,800</b>	<b>22.3</b>
Revenue Reserves*	0	0	0	0.0
Capital Reserves *	41,858	12,767	<b>-29,091</b>	<b>-69.5</b>
Assembly Commission	1,000	1,000	0	0.0
Auditor General for Wales	0	0	0	0.0
Public Services Ombudsman for Wales	13	13	0	0.0
Direct Charges	0	0	0	0.0
<b>Total Wales Capital DEL</b>	<b>1,201,688</b>	<b>1,431,397</b>	<b>229,709</b>	<b>19.1</b>

Source: Research Service calculations from Welsh Government Draft Budget 2014-15. 2014-15 indicative figures at the Supplementary Budget incorporate baseline adjustments as detailed in Annex C of the explanatory document to Draft Budget 2014-15

**Table 8: Year-on-year changes to capital DEL**

Main Expenditure Group	2013-14	2014-15	2015-16	Change 2013-14 to		Change 2014-15 to		Overall change 2013-		Real terms change		Real terms change		Real terms overall	
	Supplementary	Draft	indicative	2013-14 to	2014-15	2014-15 to	2015-16	14 to 2015-16	2013-14 to 2014-15	2014-15 to 2015-16	2013-14 to 2014-15	2014-15 to 2015-16	2013-14 to 2015-16	2013-14 to 2015-16	
	£000	£000	£000	£000	per cent	£000	per cent	£000	per cent	£000	per cent	£000	per cent	£000	per cent
Health and Social Services	241,650	282,050	234,550	40,400	16.7	-47,500	-16.8	-7,100	-2.9	35,141	14.5	-51,647	-18.3	-15,543	-6.4
Local Government	22,920	22,920	22,920	0	0.0	0	0.0	0	0.0	-427	-1.9	-405	-1.8	-825	-3.6
Communities and Tackling Poverty	24,450	20,450	14,450	-4,000	-16.4	-6,000	-29.3	-10,000	-40.9	-4,381	-17.9	-6,256	-30.6	-10,520	-43.0
Economy, Science and Transport	317,321	414,996	418,296	97,675	30.8	3,300	0.8	100,975	31.8	89,937	28.3	-4,096	-1.0	85,917	27.1
Education and Skills	202,134	153,834	143,834	-48,300	-23.9	-10,000	-6.5	-58,300	-28.8	-51,168	-25.3	-12,543	-8.2	-63,478	-31.4
Natural Resources and Food	86,624	113,640	107,640	27,016	31.2	-6,000	-5.3	21,016	24.3	24,897	28.7	-7,903	-7.0	17,141	19.8
Housing and Regeneration	290,025	366,370	348,970	76,345	26.3	-17,400	-4.7	58,945	20.3	69,514	24.0	-23,570	-6.4	46,383	16.0
Culture and Sport	14,224	16,044	17,944	1,820	12.8	1,900	11.8	3,720	26.2	1,521	10.7	1,583	9.9	3,074	21.6
Central Services and Administration	23,813	27,313	11,435	3,500	14.7	-15,878	-58.1	-12,378	-52.0	2,991	12.6	-16,080	-58.9	-12,790	-53.7
<b>Total Welsh Government Capital DEL Allocations</b>	<b>1,223,161</b>	<b>1,417,617</b>	<b>1,320,039</b>	<b>194,456</b>	<b>15.9</b>	<b>-97,578</b>	<b>-6.9</b>	<b>96,878</b>	<b>7.9</b>	<b>168,023</b>	<b>13.7</b>	<b>-120,919</b>	<b>-8.5</b>	<b>49,360</b>	<b>4.0</b>
Revenue Reserves*	0	0	0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Capital Reserves *	80,160	12,767	139,536	-67,393	-84.1	126,769	992.9	59,376	74.1	-67,631	-84.4	124,302	973.6	54,353	67.8
Assembly Commission	750	1,000	1,000	250	33.3	0	0.0	250	33.3	231	30.8	-18	-1.8	214	28.5
Auditor General for Wales	20	0	0	-20	-100.0	0	0.0	-20	-100.0	-20	-100.0	0	0.0	-20	-100.0
Public Services Ombudsman for Wales	13	13	13	0	0.0	0	0.0	0	0.0	-0	-1.9	-0	-1.8	-0	-3.6
Direct Charges	0	0	0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Wales Capital DEL</b>	<b>1,304,104</b>	<b>1,431,397</b>	<b>1,460,588</b>	<b>127,293</b>	<b>9.8</b>	<b>29,191</b>	<b>2.0</b>	<b>156,484</b>	<b>12.0</b>	<b>100,604</b>	<b>7.7</b>	<b>3,365</b>	<b>0.2</b>	<b>103,906</b>	<b>8.0</b>

Source: Research Service calculations from Welsh Government Draft Budget 2014-15.

\* Note the large changes in reserves are misleading, as the 2013-14 reserves have already been partially allocated in-year, whereas those for future years remain in reserve.

## 2.5. *Annually managed expenditure (AME)*<sup>15</sup>

AME in the Welsh block is £390.6 million in 2014-15, and £425.6 million in 2015-16.

AME allocated to Welsh Government MEGs is £390.3 million in 2014-15, and £425.3 million in 2015-16.

### *Changes in comparison to indicative plans*

[Table 9](#) shows the changes to AME since previous indicative plans.

AME in the Welsh block for 2014-15 has decreased by £13.6 million, or 3.4%.

AME allocated to Welsh Government MEGs for 2014-15 has decreased by £13.6 million, or 3.4%. This is the net result of £33.8 million additional allocations offset by reductions of £47.4 million.

### *Year-on-year changes*

[Table 10](#) shows the year-on-year changes to AME in the Welsh block.

In comparison to 2013-14, AME in the Welsh block increases by £73.5 million, or 23.2% (20.9% real terms increase). Over the course of the budget period (2013-14 to 2015-16) this shows an overall increase of £108.4 million, or 34.2% (29.4% real terms increase).

In comparison to 2013-14, AME allocated to Welsh Government MEGs increases by £73.5 million, or 23.2% (20.9% real terms increase). Over the course of the budget period (2013-14 to 2015-16) this shows an overall increase of £108.5 million, or 34.2% (29.4% real terms increase).

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<sup>15</sup> **Annually managed expenditure (AME)** - Expenditure which is less predictable than that in departmental expenditure limits and covers spend which is generally demand-led and therefore provision cannot reasonably be subject to multi-year limits, (for example, the issue of student loans). This is reviewed and set twice a year by HM Treasury. AME can only be allocated to the purpose for which it is assigned; therefore the Welsh Government has no discretion over its allocation. Further AME can be drawn from HM Treasury if required, while any unspent AME must be returned.

**Table 9: Changes to AME since indicative plans in Supplementary Budget 2013-14**

Main Expenditure Group	2014-15 indicative at Supplementary Budget 2013-14	2014-15 Draft Budget	Change Supplementary Budget 2013-14 indicative 2014-15 to Draft Budget 2014-15	
	£000	£000	£000	per cent
Health and Social Services	213,428	166,095	-47,333	-22.2
Local Government	24,488	24,488	0	0.0
Communities and Tackling Poverty	0	0	0	0.0
Economy, Science and Transport	48,946	48,946	0	0.0
Education and Skills	183,149	214,084	30,935	0.0
Natural Resources and Food	0	2,900	2,900	..
Housing and Regeneration	-71,000	-71,000	0	0.0
Culture and Sport	2,740	2,740	0	0.0
Central Services and Administration	2,152	2,070	-82	-3.8
<b>Total Welsh Government AME Allocations</b>	<b>403,903</b>	<b>390,323</b>	<b>-13,580</b>	<b>-3.4</b>
Assembly Commission	500	500	0	0.0
Public Services Ombudsman for Wales	-224	-224	0	0.0
<b>Total Wales AME</b>	<b>404,179</b>	<b>390,599</b>	<b>-13,580</b>	<b>-3.4</b>

Source: Research Service calculations from Welsh Government Draft Budget 2014-15

**Table 10: Year-on-year changes to AME**

Main Expenditure Group	2013-14 Supplementary Budget	2014-15 Draft Budget	2015-16 indicative Draft Budget	Change 2013-14 to 2014-15		Change 2014-15 to 2015-16		Overall change 2013- 14 to 2015-16		Real terms change 2013-14 to 2014-15		Real terms change 2014-15 to 2015-16		Real terms overall change 2013-14 to 2015-16	
	£000	£000	£000	£000	per cent	£000	per cent	£000	per cent	£000	per cent	£000	per cent	£000	per cent
Health and Social Services	136,890	166,095	165,400	29,205	21.3	-695	-0.4	28,510	20.8	26,108	19.1	-3,620	-2.2	22,556	16.5
Local Government	21,856	24,488	24,488	2,632	12.0	0	0.0	2,632	12.0	2,175	10.0	-433	-1.8	1,750	8.0
Communities and Tackling Poverty	0	0	0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Economy, Science and Transport	47,918	48,946	60,125	1,028	2.1	11,179	22.8	12,207	25.5	115	0.2	10,116	20.7	10,043	21.0
Education and Skills	176,869	214,084	237,862	37,215	21.0	23,778	11.1	60,993	34.5	33,223	18.8	19,572	9.1	52,430	29.6
Natural Resources and Food	0	2,900	2,900	2,900	..	0	0.0	2,900	..	2,846	..	-51	-1.8	2,796	..
Housing and Regeneration	-71,000	-71,000	-71,000	0	0.0	0	0.0	0	0.0	1,324	1.9	1,255	1.8	2,556	3.6
Culture and Sport	2,740	2,740	3,013	0	0.0	273	10.0	273	10.0	-51	-1.9	220	8.0	165	6.0
Central Services and Administration	1,551	2,070	2,487	519	33.5	417	20.1	936	60.3	480	31.0	373	18.0	846	54.6
<b>Total Welsh Government AME Allocations</b>	<b>316,824</b>	<b>390,323</b>	<b>425,275</b>	<b>73,499</b>	<b>23.2</b>	<b>34,952</b>	<b>9.0</b>	<b>108,451</b>	<b>34.2</b>	<b>66,221</b>	<b>20.9</b>	<b>27,432</b>	<b>7.0</b>	<b>93,142</b>	<b>29.4</b>
Assembly Commission	500	500	500	0	0.0	0	0.0	0	0.0	-9	-1.9	-9	-1.8	-18	-3.6
Public Services Ombudsman for Wales	-202	-224	-224	-22	-10.9	0	0.0	-22	-10.9	-18	-8.8	4	1.8	-14	-6.9
<b>Total Wales AME</b>	<b>317,122</b>	<b>390,599</b>	<b>425,551</b>	<b>73,477</b>	<b>23.2</b>	<b>34,952</b>	<b>8.9</b>	<b>108,429</b>	<b>34.2</b>	<b>66,194</b>	<b>20.9</b>	<b>27,428</b>	<b>7.0</b>	<b>93,110</b>	<b>29.4</b>

Source: Research Service calculations from Welsh Government Draft Budget 2014-15

### 3. Health and Social Services (HSS)

This section details the overall figures<sup>16</sup> for the HSS MEG, provides details of additional allocations and transfers since indicative plans from last year, and summarises the greatest year-on-year changes in the actions<sup>17</sup>/spending programme areas (SPAs)<sup>18</sup> of the MEG.

The HSS MEG accounts for **41.6%** of the Welsh Government's total DEL allocation in 2014-15.

#### *3.1. Changes in comparison to indicative plans*

**Table 11** shows details of allocations in the HSS MEG at SPA level as compared with previous indicative plans (as at Supplementary Budget 2013-14) and how these plans have changed in the draft budget 2014-15.

#### ***Total DEL***

In comparison to previous indicative plans total DEL for 2014-15 has increased by £183.4 million, or 3.0%.

These changes are due to:

- net transfers out of the HSS MEG of £39.1 million; and
- additional allocations of £222.5 million.

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<sup>16</sup> Note that the quoted figures in this section may not always add to totals, this is due to rounding of figures for ease of reference.

<sup>17</sup> **Action** - The Welsh Government's budget is broken down into several levels of detail for monitoring and control purposes. Actions are the most detailed level published in the budget documentation and indicate policy or initiative areas. However, it should be noted that actions may not necessarily provide detail of allocations at the level of specific policy or programme.

<sup>18</sup> **Spending programme area (SPA)** - The Welsh Government's budget is broken down into several levels of detail for monitoring and control purposes. Spending programme areas (SPAs) are the second level of detail below main expenditure groups (MEG) and define discrete groups of allocations according to the type of services to be delivered.

## **Revenue DEL**

In comparison with previous indicative plans revenue DEL for 2014-15 has increased by **£140.9 million (2.4%)**. These changes are due to:

- An additional allocation of £180 million to the Delivery of Core NHS Services action in the NHS Delivery SPA to support the NHS in Wales in relation to the Francis Review;
- Transfers out of the HSS MEG:
  - £2.4 million from the Delivery of Targeted Services action in the NHS Delivery SPA to the Central Services and Administration MEG. This relates to the repayment of Invest-to-Save projects.
  - £0.6 million from the Sponsorship of Public Health Bodies action in the Public Health and prevention SPA to the UK Department of Health in relation to the National institute for Biological Standards and Control.
  - £36.1 million from the Adult and Older People action in the Social Services SPA to the Local Government MEG. This represents the Learning Disabilities Grant (£32.9 million) and the First Steps Package (£3.2 million) being rolled into the revenue support grant.
- There are also a number of transfers between actions within the MEG, which are detailed in the Ministers' paper to the Health and Social Care Committee.<sup>19</sup>

## **Capital DEL**

In comparison with previous indicative plans capital DEL for 2014-15 has increased by **£42.5 million (17.7%)**, all of which has been allocated to the NHS Delivery action/SPA. These changes are due to:

- **£23 million to projects relating to the Wales Infrastructure Investment Plan (WIIP)<sup>20</sup>** including:
  - £3 million for Health Vision Swansea; this relates to the redevelopment of Morriston;
  - £10 million to support facilities at University Hospital Llandough Mental Health Adult Acute Unit; and
  - £5 million for the redevelopment of Ysbyty Glan Clwyd;
  - £5 million for the final phase of Noah's Ark Children's Hospital.

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<sup>19</sup> National Assembly for Wales, Health and Social Care Committee, [\*HSC4-29-13 Paper 12: Scrutiny of the Draft Budget 2014-15\*](#), October 2013 [accessed 22 October 2013]

<sup>2020</sup> Welsh Government, [\*Draft Budget 2014-15 Narrative\*](#), (Chapter 4) October 2013 [accessed 22 October 2013]

- **£19.5 million** for the Health Technology and Telemedicine Fund.

There are no internal capital transfers within the HSS MEG.

### AME

In comparison to previous indicative plans AME for 2014-15 has decreased by £47.3 million, or 22.2%. This reduction is based on the latest forecasts for AME requirements.

**Table 11: Changes to HSS MEG since indicative plans in Supplementary Budget 2013-14**

Spending Programme Area (SPA)	2014-15 indicative at Supplementary Budget 2013-14	2014-15 Draft Budget	Change Supplementary Budget 2013-14 indicative 2014-15 to Draft Budget 2014-15	
	£000	£000	£000	per cent
<b>REVENUE DEL</b>				
NHS Delivery <sup>1</sup>	5,477,235	5,659,766	182,531	3.3
Health Central Budgets	228,179	222,030	-6,149	-2.7
Public Health & Prevention	158,001	158,643	642	0.4
Social Services	82,085	45,979	-36,106	-44.0
CAFCASS Cymru	10,162	10,162	0	0.0
<b>TOTAL REVENUE</b>	<b>5,955,662</b>	<b>6,096,580</b>	<b>140,918</b>	<b>2.4</b>
<b>CAPITAL DEL</b>				
NHS Delivery	225,275	267,775	42,500	18.9
Health Central Budgets	5,072	5,072	0	0.0
Public Health & Prevention	4,492	4,492	0	0.0
Social Services	4,711	4,711	0	0.0
<b>TOTAL CAPITAL</b>	<b>239,550</b>	<b>282,050</b>	<b>42,500</b>	<b>17.7</b>
<b>AME</b>				
NHS Impairments and Provisions	213,428	166,095	-47,333	-22.2
<b>TOTAL AME</b>	<b>213,428</b>	<b>166,095</b>	<b>-47,333</b>	<b>-22.2</b>
Revenue DEL	5,955,662	6,096,580	140,918	2.4
Capital DEL	239,550	282,050	42,500	17.7
<b>TOTAL DEL</b>	<b>6,195,212</b>	<b>6,378,630</b>	<b>183,418</b>	<b>3.0</b>
Annually Managed Expenditure	213,428	166,095	-47,333	-22.2
<b>TOTAL Health and Social Services</b>	<b>6,408,640</b>	<b>6,544,725</b>	<b>136,085</b>	<b>2.1</b>

Source: Research Service calculations from Welsh Government Draft Budget 2014-15

1. 2014-15 indicative plans restated to remove the £12.2 million transfer in respect of Invest to Save detailed in annex C of the Draft Budget 2014-15 narrative document.



### 3.2. Year-on-year changes

**Table 12** provides information on the allocations proposed within the HSS MEG at SPA level, showing the year on year changes in 2014-15 and the cumulative changes over the budget period in both cash and real terms.

#### **Total DEL**

- Increases by £196.4 million or 3.2% (1.3% real terms increase) in 2014-15 as compared with 2013-14.
- Increases by £220.9 million, or 3.6% (0.2% real terms reduction) over the budget period (2013-14 to 2015-16).

#### **Revenue DEL**

- Increases by £156 million or 2.6% (0.7% real terms increase) in 2014-15 as compared with 2013-14.
- Increases by £228 million, or 3.8% (0.1% real terms increase) over the budget period (2013-14 to 2015-16).

The greatest increase in revenue DEL in 2014-15 (in both monetary and percentage terms) is in the NHS Delivery SPA, which sees an increase of £164.9 million, or 3.0%. In real terms this equates to a 1.1% increase. This is mainly due to the increase of £180 million in relation to the Francis review improvements.

The greatest in revenue DEL in 2014-15 (in monetary terms) is in the Health Central Budgets SPA, which reduces by £6.9 million, or 3.0%. In real terms this equates to a 4.8% reduction. This is mainly due to transfers within the MEG.<sup>21</sup>

The greatest percentage reduction is in the Social Services SPA, this decreases by £3.2 million, or 5.9% (7.7% in real terms).

#### **Capital DEL**

- Increases by £40.4 million or 16.7% (14.5% real terms increase) in 2014-15 as compared with 2013-14.
- Reduces by £7.1 million, or 2.9% (6.4% real terms reduction) over the budget period (2013-14 to 2015-16).

The change in capital DEL in 2014-15 is in the NHS Delivery SPA, which accounts for the entire increase in capital DEL. This is mainly due to the additional allocations detailed above.

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<sup>21</sup> National Assembly for Wales, Health and Social Care Committee, [HSC4-29-13 Paper 12: Scrutiny of the Draft Budget 2014-15](#), October 2013 [accessed 22 October 2013]

## **AME**

- Increases by £29.2 million or 21.3% (19.1% real terms increase) in 2014-15 as compared with 2013-14.
- Increases by £28.5 million, or 20.8% (16.5% real terms increase) over the budget period (2013-14 to 2015-16).

**Table 12: Year-on-year changes to HSS MEG**

Spending Programme Area (SPA)	2013-14	2014-15 Draft	2015-16	Change 2013-14 to 2014-		Change 2014-15 to 2015-		Overall change 2013-14		Real terms change 2013-		Real terms change 2014-		Real terms overall	
	Supplementary	Budget	indicative	2014-	2015-	2014-	2015-	to 2015-16	14 to 2014-15	15 to 2015-16	14 to 2014-15	15 to 2015-16	change 2013-14 to 2015-16		
	£000	£000	£000	£000	per cent	£000	per cent	£000	per cent	£000	per cent	£000	per cent	£000	per cent
<b>REVENUE DEL</b>															
NHS Delivery <sup>1</sup>	5,494,916	5,659,766	5,704,768	164,850	3.0	45,002	0.8	209,852	3.8	59,320	1.1	-55,868	-1.0	4,493	0.1
Health Central Budgets	228,904	222,030	222,030	-6,874	-3.0	0	0.0	-6,874	-3.0	-11,014	-4.8	-3,926	-1.8	-14,867	-6.5
Public Health & Prevention	157,392	158,643	158,643	1,251	0.8	0	0.0	1,251	0.8	-1,707	-1.1	-2,805	-1.8	-4,460	-2.8
Social Services	49,179	45,979	72,979	-3,200	-6.5	27,000	58.7	23,800	48.4	-4,057	-8.3	25,710	55.9	21,173	43.1
CAFCASS Cymru	10,162	10,162	10,162	0	0.0	0	0.0	0	0.0	-189	-1.9	-180	-1.8	-366	-3.6
<b>TOTAL REVENUE</b>	<b>5,940,553</b>	<b>6,096,580</b>	<b>6,168,582</b>	<b>156,027</b>	<b>2.6</b>	<b>72,002</b>	<b>1.2</b>	<b>228,029</b>	<b>3.8</b>	<b>42,352</b>	<b>0.7</b>	<b>-37,069</b>	<b>-0.6</b>	<b>5,974</b>	<b>0.1</b>
<b>CAPITAL DEL</b>															
NHS Delivery	227,375	267,775	220,275	40,400	17.8	-47,500	-17.7	-7,100	-3.1	35,407	15.6	-51,395	-19.2	-15,029	-6.6
Health Central Budgets	5,072	5,072	5,072	0	0.0	0	0.0	0	0.0	-95	-1.9	-90	-1.8	-183	-3.6
Public Health & Prevention	4,492	4,492	4,492	0	0.0	0	0.0	0	0.0	-84	-1.9	-79	-1.8	-162	-3.6
Social Services	4,711	4,711	4,711	0	0.0	0	0.0	0	0.0	-88	-1.9	-83	-1.8	-170	-3.6
<b>TOTAL CAPITAL</b>	<b>241,650</b>	<b>282,050</b>	<b>234,550</b>	<b>40,400</b>	<b>16.7</b>	<b>-47,500</b>	<b>-16.8</b>	<b>-7,100</b>	<b>-2.9</b>	<b>35,141</b>	<b>14.5</b>	<b>-51,647</b>	<b>-18.3</b>	<b>-15,543</b>	<b>-6.4</b>
<b>AME</b>															
NHS Impairments and Provisions	136,890	166,095	165,400	29,205	21.3	-695	-0.4	28,510	20.8	26,108	19.1	-3,620	-2.2	22,556	16.5
<b>TOTAL AME</b>	<b>136,890</b>	<b>166,095</b>	<b>165,400</b>	<b>29,205</b>	<b>21.3</b>	<b>-695</b>	<b>-0.4</b>	<b>28,510</b>	<b>20.8</b>	<b>26,108</b>	<b>19.1</b>	<b>-3,620</b>	<b>-2.2</b>	<b>22,556</b>	<b>16.5</b>
Revenue DEL	5,940,553	6,096,580	6,168,582	156,027	2.6	72,002	1.2	228,029	3.8	42,352	0.7	-37,069	-0.6	5,974	0.1
Capital DEL	241,650	282,050	234,550	40,400	16.7	-47,500	-16.8	-7,100	-2.9	35,141	14.5	-51,647	-18.3	-15,543	-6.4
<b>TOTAL DEL</b>	<b>6,182,203</b>	<b>6,378,630</b>	<b>6,403,132</b>	<b>196,427</b>	<b>3.2</b>	<b>24,502</b>	<b>0.4</b>	<b>220,929</b>	<b>3.6</b>	<b>77,493</b>	<b>1.3</b>	<b>-88,716</b>	<b>-1.4</b>	<b>-9,569</b>	<b>-0.2</b>
Annually Managed Expenditure	136,890	166,095	165,400	29,205	21.3	-695	-0.4	28,510	20.8	26,108	19.1	-3,620	-2.2	22,556	16.5
<b>TOTAL Health and Social Services</b>	<b>6,319,093</b>	<b>6,544,725</b>	<b>6,568,532</b>	<b>225,632</b>	<b>3.6</b>	<b>23,807</b>	<b>0.4</b>	<b>249,439</b>	<b>3.9</b>	<b>103,601</b>	<b>1.6</b>	<b>-92,336</b>	<b>-1.4</b>	<b>12,986</b>	<b>0.2</b>

Source: Research Service calculations from Welsh Government Draft Budget 2014-15

1. 2014-15 indicative plans restated to remove the £12.2 million transfer in respect of Invest to Save detailed in annex C of the Draft Budget 2014-15 narrative document.

## 4. Local Government (LG)

This section details the overall figures<sup>22</sup> for the LG MEG, provides details of additional allocations and transfers since indicative plans from last year, and summarises the greatest year-on-year changes in the actions/ SPAs of the MEG.

The LG MEG accounts for **30 per cent** of the Welsh Government's total DEL allocation in 2014-15.

### 4.1. *Changes in comparison to indicative plans*

**Table 13** shows details of allocations in the LG MEG at SPA level as compared with previous indicative plans (as at Supplementary Budget 2013-14) and how these plans have changed in the draft budget 2014-15.

#### ***Total DEL***

In comparison to previous indicative plans total DEL for 2014-15 has reduced by £95.9 million, or 2.0%.

These changes are due to:

- An increase of £64.6 million in 2014-15 as a result of transfers with other MEGs;
- An additional allocations of £35 million in 2014-15 for the Intermediate Care Fund; therefore
- This increase of £99.6 million must be offset by a reduction of £195.5 million to give the overall total DEL reduction of £95.9 million.

#### ***Revenue DEL***

In comparison with previous indicative plans, revenue DEL for 2014-15 has reduced by £95.9 million, or 2.1%. These changes are due to:

- Transfers into the to the Funding Support for Local Government action in the Local Government Funding SPA:
  - £36.1 million from the HSS MEG. This represents the Learning Disabilities Grant (£32.9 million) and the First Steps Package (£3.2 million) being rolled into the revenue support grant (RSG).

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<sup>22</sup> Note that the quoted figures in this section may not always add to totals, this is due to rounding of figures for ease of reference.

- £28.6 million from the Education and Skills MEG. This represents £4.2 million in funding for post-16 special educational needs (SEN) provision in mainstream schools and £24.4 million in funding for post-16 special schools and SEN out of county placements being rolled into the RSG.
- Transfers out to the Central Services and Administration MEG of £0.15 million in respect of the Adjudication Panel Wales.<sup>23</sup>
- An additional allocation of £35 million to the Intermediate Care Fund action in the Improving Services, Collaboration and Democracy SPA.

The Minister's paper to the Communities, Equalities and Local Government Committee also states:

There are also a few transfers within the MEG to facilitate alignment with the departmental business plan, and the bringing together of budgets which focus on local government and public services.<sup>24</sup>

The transfers and additional allocations detailed above give a net increase of £99.6 million, **which must be offset by a reduction of £195.5 million to give the overall revenue DEL reduction of £95.9 million.** Details of any such reductions are not clearly detailed in the budget documents, nor in the Minister's paper to Committee. However, as £64.7 million has been transferred into the RSG in the Funding Support for Local Government action in the Local Government Funding SPA, and the action tables detail a reduction of £127.7 million to this action, then this action must have seen an overall reduction of £192.4 million. This would suggest that the majority of the reduction in this MEG has been taken from the RSG.

The Provisional Local Government Settlement 2014-15 shows a reduction in the total aggregate external finance (AEF) to be provided to local authorities of £153 million in comparison to 2013-14.<sup>25</sup> In evidence to the Finance Committee the WLGA estimated that the actual shortfall to be met by local government in 2014-15 was in the region of £400 million.<sup>26</sup>

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<sup>23</sup> National Assembly for Wales, Communities, Equalities and Local Government Committee, [CELG\(4\) - 27-13 Paper 1: Scrutiny of Draft Budget 2014-15 - Minister for Local Government and Government Business](#), October 2013 [accessed 22 October 2013]

<sup>24</sup> National Assembly for Wales, Communities, Equalities and Local Government Committee, [CELG\(4\) - 27-13 Paper 1: Scrutiny of Draft Budget 2014-15 - Minister for Local Government and Government Business](#), October 2013 [accessed 22 October 2013]

<sup>25</sup> Welsh Government, Lesley Griffiths (Minister for Local Government and Government Business), Cabinet (Written) Statement, [Provisional Local Government Settlement 2014-15](#), 16 October 2013 [accessed 18 October 2013] [accessed 22 October 2013]

<sup>26</sup> National Assembly for Wales, Finance Committee, RoP 17 October 2013 [no link available at time of writing]

The provisional settlement also shows that the total amount provided in relation to the Council Tax Reduction Scheme is £244 million in 2014-15. The UK Government transfer for this was £222 million,<sup>27</sup> suggesting that the Welsh Government support provided for this is £22 million, similar to the level provided in 2013-14.<sup>28</sup>

### ***Capital DEL***

In comparison with previous indicative plans, there are no changes to capital DEL for 2014-15.

### ***AME***

In comparison with previous indicative plans, there are no changes to AME for 2014-15.

## ***4.2. Year-on-year changes***

**Table 14** provides information on the allocations proposed within the LG MEG at SPA level, showing the year on year changes in 2014-15 and the cumulative changes over the budget period in both cash and real terms.

### ***Total DEL***

- decreases by £149.5 million or 3.2% (5.0% real terms reduction) in 2014-15 as compared with 2013-14.
- decreases by £255.7 million, or 5.4% (8.8% real terms reduction) over the budget period (2013-14 to 2015-16).

### ***Revenue DEL***

- decreases by £149.5 million or 3.2% (5.0% real terms reduction) in 2014-15 as compared with 2013-14.
- decreases by £255.7 million, or 5.4% (8.8% real terms reduction) over the budget period (2013-14 to 2015-16).

The only increase in revenue DEL in 2014-15 is in the Improving Services, Collaboration and Democracy SPA, which sees an increase of £33.3 million, or 81.5%. In real terms this equates to a 78.1% increase. This is mainly due to the additional allocation of £35 million in 2014-15 in relation to the Intermediate Care Fund.

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<sup>27</sup> As detailed in [Annex C of the Draft Budget 2014-15](#), October 2013 [accessed 18 October 2013]

<sup>28</sup> As discussed with the Minister for Finance at the time of the Supplementary Budget 2013-14. National Assembly for Wales, Finance Committee, RoP [\[paras 31-38\]](#) 4 July 2013 [accessed 18 October 2013]

**Table 13: Changes to LG MEG since indicative plans in Supplementary Budget 2013-14**

Spending Programme Area (SPA)	2014-15 indicative at Supplementary Budget 2013-14	2014-15 Draft Budget	Change Supplementary Budget 2013-14 indicative 2014-15 to Draft Budget 2014-15	
	£000	£000	£000	per cent
<b>REVENUE DEL</b>				
Local Government Funding <sup>1</sup>	4,574,147	4,446,235	-127,912	-2.8
Safer Communities	16,701	16,365	-336	-2.0
Improving Services, Collaboration and Democracy	40,979	74,077	33,098	80.8
Care & Social Services Inspectorate	14,461	14,461	0	0.0
Healthcare Inspectorate Wales	2,591	2,591	0	0.0
Estyn	12,364	11,664	-700	-5.7
<b>TOTAL REVENUE</b>	<b>4,661,243</b>	<b>4,565,393</b>	<b>-95,850</b>	<b>-2.1</b>
<b>CAPITAL DEL</b>				
Local Government Funding	20,000	20,000	0	0.0
Safer Communities	2,639	2,639	0	0.0
Estyn	281	281	0	0.0
<b>TOTAL CAPITAL</b>	<b>22,920</b>	<b>22,920</b>	<b>0</b>	<b>0.0</b>
<b>AME</b>				
Local Government Funding	24,488	24,488	0	0.0
<b>TOTAL AME</b>	<b>24,488</b>	<b>24,488</b>	<b>0</b>	<b>0.0</b>
Revenue DEL	4,661,243	4,565,393	-95,850	-2.1
Capital DEL	22,920	22,920	0	0.0
<b>TOTAL DEL</b>	<b>4,684,163</b>	<b>4,588,313</b>	<b>-95,850</b>	<b>-2.0</b>
Annually Managed Expenditure	24,488	24,488	0	0.0
<b>TOTAL Local Government</b>	<b>4,708,651</b>	<b>4,612,801</b>	<b>-95,850</b>	<b>-2.0</b>

Source: Research Service calculations from Welsh Government Draft Budget 2014-15

1. 2014-15 indicative plans restated to add the £220 million transfer in from the UK Government in respect of council tax benefit abolition detailed in annex C of the Draft Budget 2014-15 narrative document.

The greatest monetary reduction in revenue DEL in 2014-15 is in the Funding Support for Local Government action in the Local Government Funding SPA, which sees a decrease of £182.1 million, or 3.9%. In real terms this equates to a 5.7% reduction. This is mainly due to the reduction in the RSG offset by transfers, as discussed above.

The greatest percentage reduction in revenue DEL in 2014-15 is in the Estyn action/SPA, which sees a decrease of £0.7 million, or 5.7%. In real terms this equates to a 7.4% reduction. No explanation for this is provided.

### ***Capital DEL***

- There are no changes to capital DEL between 2013-14 and 2014-15, representing a real terms reduction of 1.9%.
- There are no changes to capital DEL over the budget period (2013-14 to 2015-16) representing a real terms reduction of 3.6%.

### ***AME***

- Increases by £2.6 million or 12.0% (10% real terms increase) in 2014-15 as compared with 2013-14.
- Increases by £2.6 million, or 12.0% (8.0% real terms increase) over the budget period (2013-14 to 2015-16).



**Table 14: Year-on-year changes to LG MEG**

Spending Programme Area (SPA)	2013-14	2014-15	2015-16	Change 2013-14 to 2014-15		Change 2014-15 to 2015-16		Overall change 2013-14 to 2015-16		Real terms change 2013-14 to 2014-15		Real terms change 2014-15 to 2015-16		Real terms overall change 2013-14 to 2015-16	
	Supplementary Budget	Draft Budget	indicative Draft Budget	£000	per cent	£000	per cent	£000	per cent	£000	per cent	£000	per cent	£000	per cent
<b>REVENUE DEL</b>															
Local Government Funding <sup>1</sup>	4,628,294	4,446,235	4,376,155	-182,059	-3.9	-70,080	-1.6	-252,139	-5.4	-264,962	-5.7	-147,458	-3.3	-409,671	-8.9
Safer Communities	16,373	16,365	16,252	-8	-0.0	-113	-0.7	-121	-0.7	-313	-1.9	-400	-2.4	-706	-4.3
Improving Services, Collaboration and Democracy	40,825	74,077	38,108	33,252	81.5	-35,969	-48.6	-2,717	-6.7	31,871	78.1	-36,643	-49.5	-4,089	-10.0
Care & Social Services Inspectorate	14,461	14,461	14,461	0	0.0	0	0.0	0	0.0	-270	-1.9	-256	-1.8	-521	-3.6
Healthcare Inspectorate Wales	2,591	2,591	2,591	0	0.0	0	0.0	0	0.0	-48	-1.9	-46	-1.8	-93	-3.6
Estyn	12,364	11,664	11,664	-700	-5.7	0	0.0	-700	-5.7	-917	-7.4	-206	-1.8	-1,120	-9.1
<b>TOTAL REVENUE</b>	<b>4,714,908</b>	<b>4,565,393</b>	<b>4,459,231</b>	<b>-149,515</b>	<b>-3.2</b>	<b>-106,162</b>	<b>-2.3</b>	<b>-255,677</b>	<b>-5.4</b>	<b>-234,640</b>	<b>-5.0</b>	<b>-185,009</b>	<b>-4.1</b>	<b>-416,199</b>	<b>-8.8</b>
<b>CAPITAL DEL</b>															
Local Government Funding	20,000	20,000	20,000	0	0.0	0	0.0	0	0.0	-373	-1.9	-354	-1.8	-720	-3.6
Safer Communities	2,639	2,639	2,639	0	0.0	0	0.0	0	0.0	-49	-1.9	-47	-1.8	-95	-3.6
Estyn	281	281	281	0	0.0	0	0.0	0	0.0	-5	-1.9	-5	-1.8	-10	-3.6
<b>TOTAL CAPITAL</b>	<b>22,920</b>	<b>22,920</b>	<b>22,920</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>-427</b>	<b>-1.9</b>	<b>-405</b>	<b>-1.8</b>	<b>-825</b>	<b>-3.6</b>
<b>AME</b>															
Local Government Funding	21,856	24,488	24,488	2,632	12.0	0	0.0	2,632	12.0	2,175	10.0	-433	-1.8	1,750	8.0
<b>TOTAL AME</b>	<b>21,856</b>	<b>24,488</b>	<b>24,488</b>	<b>2,632</b>	<b>12.0</b>	<b>0</b>	<b>0.0</b>	<b>2,632</b>	<b>12.0</b>	<b>2,175</b>	<b>10.0</b>	<b>-433</b>	<b>-1.8</b>	<b>1,750</b>	<b>8.0</b>
Revenue DEL	4,714,908	4,565,393	4,459,231	-149,515	-3.2	-106,162	-2.3	-255,677	-5.4	-234,640	-5.0	-185,009	-4.1	-416,199	-8.8
Capital DEL	22,920	22,920	22,920	0	0.0	0	0.0	0	0.0	-427	-1.9	-405	-1.8	-825	-3.6
<b>TOTAL DEL</b>	<b>4,737,828</b>	<b>4,588,313</b>	<b>4,482,151</b>	<b>-149,515</b>	<b>-3.2</b>	<b>-106,162</b>	<b>-2.3</b>	<b>-255,677</b>	<b>-5.4</b>	<b>-235,067</b>	<b>-5.0</b>	<b>-185,414</b>	<b>-4.0</b>	<b>-417,024</b>	<b>-8.8</b>
Annually Managed Expenditure	21,856	24,488	24,488	2,632	12.0	0	0.0	2,632	12.0	2,175	10.0	-433	-1.8	1,750	8.0
<b>TOTAL Local Government</b>	<b>4,759,684</b>	<b>4,612,801</b>	<b>4,506,639</b>	<b>-146,883</b>	<b>-3.1</b>	<b>-106,162</b>	<b>-2.3</b>	<b>-253,045</b>	<b>-5.3</b>	<b>-232,892</b>	<b>-4.9</b>	<b>-185,847</b>	<b>-4.0</b>	<b>-415,274</b>	<b>-8.7</b>

Source: Research Service calculations from Welsh Government Draft Budget 2014-15

1. 2014-15 indicative plans restated to add the £222 million transfer in from the UK Government in respect of council tax benefit abolition detailed in annex C of the Draft Budget 2014-15 narrative document.

## 5. Communities and Tackling Poverty (CTP)

This section details the overall figures<sup>29</sup> for the CTP MEG, provides details of additional allocations and transfers since indicative plans from last year, and summarises the greatest year-on-year changes in the actions/SPAs of the MEG.

The CTP MEG accounts for 1.4% of the Welsh Government's total DEL allocation in 2013-14.

### 5.1. Changes in comparison to indicative plans

**Table 15** shows details of allocations in the CTP MEG at SPA level as compared with previous indicative plans (as at Supplementary Budget 2013-14) and how these plans have changed in the draft budget 2014-15.

#### **Total DEL**

In comparison to previous indicative plans total DEL for 2014-15 has increased by £0.4 million, or 0.2%.

These changes are due to:

- an additional allocation of £4 million capital; therefore
- This increase of £4 million must be offset by a reduction of £3.6 million to give the overall total DEL increase of £0.4 million.

#### **Revenue DEL**

In comparison with previous indicative plans, revenue DEL for 2014-15 has reduced by £3.6 million, or 1.9%. These changes are due to:

- A reduction of £1.9 million (1.5%) in the Children, Young People and Families SPA. The Minister's paper to the Children and Young People Committee<sup>30</sup> shows revenue changes as follows:
  - Reduction of £0.9 million from the Flying Start BEL. This does not include a reduction in the allocation of the Flying Start grant to local authorities and has been made from savings in administrative costs (£0.4 million) and a more effective approach to assessment, (saving £0.5 million).

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<sup>29</sup> Note that the quoted figures in this section may not always add to totals, this is due to rounding of figures for ease of reference.

<sup>30</sup> National Assembly for Wales, Children and Young People Committee, Scrutiny of Draft Budget 2014-15, [\*Paper 1 Minister for Communities and Tackling Poverty and Deputy Minister for Tackling Poverty\*](#), October 2013 [accessed 22 October 2013]

- Reduction of £0.7 million from the Families First budget expenditure line (BEL).<sup>31</sup> This will also be met without any reduction to the Families First grant and that reductions can be met from planned spend on policy areas which are not fully developed or can be deferred until resources are available.
- Reduction of £0.5 million from the Support for Children’s Rights BEL. This is the result of unallocated funding from earlier projects which have ended and has not been earmarked for future projects. It is stated that this reduction will not impede implementation of the Rights of Children and Young Persons (Wales) Measure and the duties on Ministers to prioritise children’s rights.
- Increase of £0.2 million to the Advocacy BEL to address the increased numbers of children accessing the Advocacy, Advice and Information helpline.
- A reduction of £1.7 million (2.6%) in the Supporting Communities and People SPA. From the action tables<sup>32</sup> it can be seen that:
  - £0.7 million has been reduced from the Third Sector action; and
  - £1 million has been reduced from the Tackling Poverty action. According to the Minister’s paper to the Communities, Equality and local Government Committee, £0.8m of this is from the Communities First BEL, and £0.2 million from the Financial Inclusion BEL.<sup>33</sup>

### **Capital DEL**

In comparison with previous indicative plans, capital DEL for 2014-15 has increased by £4 million (24.3%) which has been allocated to the Flying Start BEL in the Communities and Tackling Poverty SPA.<sup>34</sup> This allocation has been made in line with the WIIP.<sup>35</sup>

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<sup>31</sup> **Budget expenditure line (BEL)** - The Welsh Government’s budget is split into several categories for monitoring and control purposes. BELs are the level below actions, and are not detailed in the published budget documents. They are often detailed in Ministerial papers to Committees during scrutiny of the draft budget, to enable more detailed consideration of portfolio budgets.

<sup>32</sup> Welsh Government, [Draft Budget 2014-15 Action Tables](#), October 2013 [accessed 22 October 2013]

<sup>33</sup> National Assembly for Wales, Communities, Equality and Local Government Committee, [CELG\(4\)-28-13 Paper 1: Scrutiny of Welsh Government 2014-2015 draft budget - Evidence session from the Minister for Communities and Tackling Poverty](#), October 2013 [accessed 22 October 2013]

<sup>34</sup> National Assembly for Wales, Children and Young People Committee, Scrutiny of Draft Budget 2014-15, [Paper 1 Minister for Communities and Tackling Poverty and Deputy Minister for Tackling Poverty](#), October 2013 [accessed 22 October 2013]

<sup>35</sup> Welsh Government, [Draft Budget 2014-15 Narrative](#), (Chapter 4) October 2013 [accessed 22 October 2013]

**Table 15: Changes to CTP MEG since indicative plans in Supplementary Budget 2013-14**

Spending Programme Area (SPA)	2014-15 indicative at Supplementary Budget 2013-14	2014-15 Draft Budget	Change Supplementary Budget 2013-14 indicative 2014-15	
	£000	£000	£000	per cent
<b>REVENUE DEL</b>				
Children, Young People and Families	127,538	125,613	-1,925	-1.5
Supporting Communities and People <sup>1</sup>	65,712	64,012	-1,700	-2.6
Sustainable Development and Equality	2,621	2,621	0	0.0
<b>TOTAL REVENUE</b>	<b>195,871</b>	<b>192,246</b>	<b>-3,625</b>	<b>-1.9</b>
<b>CAPITAL DEL</b>				
Communities and Tackling Poverty	16,450	20,450	4,000	24.3
<b>TOTAL CAPITAL</b>	<b>16,450</b>	<b>20,450</b>	<b>4,000</b>	<b>24.3</b>
Revenue DEL	195,871	192,246	-3,625	-1.9
Capital DEL	16,450	20,450	4,000	24.3
<b>TOTAL DEL</b>	<b>212,321</b>	<b>212,696</b>	<b>375</b>	<b>0.2</b>
Annually Managed Expenditure	0	0	0	0.0
<b>TOTAL Communities and Tackling Poverty</b>	<b>212,321</b>	<b>212,696</b>	<b>375</b>	<b>0.2</b>

Source: Research Service calculations from Welsh Government Draft Budget 2014-15

1. 2014-15 indicative plans restated to add the £12.363 million transfer in from the UK Government in respect of abolition of the discretionary Social Fund detailed in annex C of the Draft Budget 2014-15 narrative document.

## 5.2. Year-on-year changes

**Table 16** provides information on the allocations proposed within the CTP MEG at SPA level, showing the year on year changes in 2014-15 and the cumulative changes over the budget period in both cash and real terms.

### **Total DEL**

- increases by £0.7 million or 0.3% (1.5% real terms reduction) in 2014-15 as compared with 2013-14.
- decreases by £6 million, or 2.8% (6.3% real terms reduction) over the budget period (2013-14 to 2015-16).

### ***Revenue DEL***

- increases by £4.7 million or 2.5% (0.6% real terms increase) in 2014-15 as compared with 2013-14.
- increases by £4 million, or 2.1% (1.6% real terms reduction) over the budget period (2013-14 to 2015-16).

The only increase in revenue DEL in 2014-15 is in the Children, Young People and Families SPA/action, which sees an increase of £8.1 million, or 6.9%. In real terms this equates to a 4.9% increase. This is likely due to the transfer from the UK Government of £12.4 million relating to the abolition of the Discretionary Social Fund,<sup>36</sup> offset by the revenue reduction detailed above.

The greatest monetary reduction in revenue DEL in 2014-15 is in the Supporting Communities and People SPA, which sees a decrease of £3.1 million, or 4.6%. In real terms this equates to a 6.4% reduction. This is likely to be partly due to the reductions detailed above.

The greatest percentage reduction in revenue DEL in 2014-15 is in the Sustainable Development and Equality action/SPA, which sees a decrease of £0.3 million, or 10.3%. In real terms this equates to an 11.9% reduction. No explanation for this is provided.

### ***Capital DEL***

- decreases by £4 million or 16.4% (17.9% real terms reduction) in 2014-15 as compared with 2013-14.
- decreases by £10 million or 40.9% over the budget period (2013-14 to 2015-16) representing a real terms reduction of 43.0%.

The entire £4 million reduction in the capital DEL budget is in the Communities and Tackling Poverty action/SPA, representing a 16.4% reduction to this SPA in comparison to 2013-14. No explanation for this decrease is provided, but given the additional allocation of £4 million detailed above; this must mean that greater reductions have offset the impact of this additional allocation.

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<sup>36</sup> Welsh Government, [Draft Budget 2014-15 Narrative](#), (Annex C) October 2013 [accessed 22 October 2013]

**Table 16: Year-on-year changes to CTP MEG**

Spending Programme Area (SPA)	2013-14	2014-15	2015-16	Change 2013-14		Change 2014-15 to		Overall change		Real terms		Real terms change		Real terms overall	
	Supplementary Budget	Draft Budget	indicative Draft Budget	to 2014-15	per cent	2015-16	per cent	2013-14 to 2015-16	per cent	change 2013-14 to 2014-15	per cent	2014-15 to 2015-16	per cent	change 2013-14 to 2015-16	per cent
	£000	£000	£000	£000	per cent	£000	per cent	£000	per cent	£000	per cent	£000	per cent	£000	per cent
<b>REVENUE DEL</b>															
Children, Young People and Families	117,538	125,613	127,413	8,075	6.9	1,800	1.4	9,875	8.4	5,733	4.9	-453	-0.4	5,288	4.5
Supporting Communities and People <sup>1</sup>	67,097	64,012	61,500	-3,085	-4.6	-2,512	-3.9	-5,597	-8.3	-4,279	-6.4	-3,599	-5.6	-7,811	-11.6
Sustainable Development and Equality	2,921	2,621	2,621	-300	-10.3	0	0.0	-300	-10.3	-349	-11.9	-46	-1.8	-394	-13.5
<b>TOTAL REVENUE</b>	<b>187,556</b>	<b>192,246</b>	<b>191,534</b>	<b>4,690</b>	<b>2.5</b>	<b>-712</b>	<b>-0.4</b>	<b>3,978</b>	<b>2.1</b>	<b>1,105</b>	<b>0.6</b>	<b>-4,099</b>	<b>-2.1</b>	<b>-2,917</b>	<b>-1.6</b>
<b>CAPITAL DEL</b>															
Communities and Tackling Poverty	24,450	20,450	14,450	-4,000	-16.4	-6,000	-29.3	-10,000	-40.9	-4,381	-17.9	-6,256	-30.6	-10,520	-43.0
<b>TOTAL CAPITAL</b>	<b>24,450</b>	<b>20,450</b>	<b>14,450</b>	<b>-4,000</b>	<b>-16.4</b>	<b>-6,000</b>	<b>-29.3</b>	<b>-10,000</b>	<b>-40.9</b>	<b>-4,381</b>	<b>-17.9</b>	<b>-6,256</b>	<b>-30.6</b>	<b>-10,520</b>	<b>-43.0</b>
Revenue DEL	187,556	192,246	191,534	4,690	2.5	-712	-0.4	3,978	2.1	1,105	0.6	-4,099	-2.1	-2,917	-1.6
Capital DEL	24,450	20,450	14,450	-4,000	-16.4	-6,000	-29.3	-10,000	-40.9	-4,381	-17.9	-6,256	-30.6	-10,520	-43.0
<b>TOTAL DEL</b>	<b>212,006</b>	<b>212,696</b>	<b>205,984</b>	<b>690</b>	<b>0.3</b>	<b>-6,712</b>	<b>-3.2</b>	<b>-6,022</b>	<b>-2.8</b>	<b>-3,276</b>	<b>-1.5</b>	<b>-10,354</b>	<b>-4.9</b>	<b>-13,437</b>	<b>-6.3</b>
Annually Managed Expenditure	0	0	0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
<b>TOTAL Communities and Tackling Poverty</b>	<b>212,006</b>	<b>212,696</b>	<b>205,984</b>	<b>690</b>	<b>0.3</b>	<b>-6,712</b>	<b>-3.2</b>	<b>-6,022</b>	<b>-2.8</b>	<b>-3,276</b>	<b>-1.5</b>	<b>-10,354</b>	<b>-4.9</b>	<b>-13,437</b>	<b>-6.3</b>

Source: Research Service calculations from Welsh Government Draft Budget 2014-15

1. 2014-15 indicative plans restated to add the £12.363 million transfer in from the UK Government in respect of abolition of the Discretionary Social Fund detailed in annex C of the Draft Budget 2014-15 narrative document.

## 6. Economy, Science and Transport (EST)

This section details the overall figures<sup>37</sup> for the EST MEG, provides details of additional allocations and transfers since indicative plans from last year, and summarises the greatest year-on-year changes in the actions/ SPAs of the MEG.

The EST MEG accounts for 6.1% of the Welsh Government's total DEL allocation in 2014-15.

### 6.1. Changes in comparison to indicative plans

**Table 17** shows details of allocations in the EST MEG at SPA level as compared with previous indicative plans (as at Supplementary Budget 2013-14) and how these plans have changed in the draft budget 2014-15.

#### **Total DEL**

In comparison to previous indicative plans total DEL for 2014-15 has increased by £37.1 million, or 4.2%.

These changes are due to:

- Revenue reductions of £26.9 million;
- Additional capital allocations of £64 million.

#### **Revenue DEL**

In comparison with previous indicative plans, revenue DEL for 2014-15 has reduced by £26.9 million, or 5.0%. These changes include:

- A recurrent transfer of £1.2 million to the Central Services and Administration (CSA) MEG from the Sectors action in the Sectors and Business SPA, relating to costs for international offices of the Welsh Government.

The Minister's paper to the Enterprise and Business Committee<sup>38</sup> does detail revenue reductions to the Economy and Science and Transport budgets. However, these are detailed in comparison to the 2013-14 allocations (discussed in the following section and so changes to indicative plans for 2014-15 cannot be identified from this paper.

However, from [table 17](#) below, revenue reductions to each SPA can be seen in comparison to indicative plans for 2014-15. This totals £26.9 million, including the transfer to the CSA MEG detailed above, meaning there must have been further revenue reductions of £25.7 million.

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<sup>37</sup> Note that the quoted figures in this section may not always add to totals, this is due to rounding of figures for ease of reference.

<sup>38</sup> National Assembly for Wales, Enterprise and Business Committee, Paper from the Minister for Economy, Science and Transport, [EBC\(4\)-38-13\(p4\) - Welsh Government Draft Budget Proposals Economy, Transport and Science](#), October 2013 [accessed 22 October 2013]

## **Capital DEL**

In comparison with previous indicative plans, capital DEL for 2014-15 increases by £64 million (18.2%). These changes are due to:

- £55.7 million in support of WIIP projects,<sup>39</sup> including:
  - £28.7 million in relation to South East Wales Integrated Transport. £18.9 million of this goes into the Road and Rail Investment SPA and £9.8 million to the Sustainable Travel action/SPA .
  - £10 million for the M4 Brynglas Tunnels Reconstruction which has gone into the Motorway and Trunk Road operations action/SPA.
  - £5 million for the A55 Tunnels Route Resilience and Life Safety Improvements, which has gone into the Motorway and Trunk Roads Operations action/SPA.
  - £12 million for the Investment funds for SMEs to enable support for access to finance. This funding is in the form of financial transactions,<sup>40</sup> and goes into the Finance Wales Fund in the Sectors action of the Sectors and Business SPA.
- £8.3 million in support of the Ebbw Vale town rail extension and station, which has gone into the Road and Rail Schemes action/SPA.

## **AME**

In comparison with previous indicative plans, there are no changes to AME for 2014-15.

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<sup>39</sup> Welsh Government, [Draft Budget 2014-15 Narrative](#), (Chapter 4) October 2013 [accessed 22 October 2013]

<sup>40</sup> Of the additional capital allocated in this draft budget, some of it can only be used for financial transactions (equity investments and loans) due to conditions imposed by HM Treasury. This is detailed in the [Draft Budget 2014-15 Narrative](#), (Chapter 4, pages 21-22) October 2013 [accessed 22 October 2013]



**Table 17: Changes to EST MEG since indicative plans in Supplementary Budget 2013-14**

Spending Programme Area (SPA)	2014-15 indicative at Supplementary Budget 2013-14	2014-15 Draft Budget	Change Supplementary Budget 2013-14 indicative 2014-15	
	£000	£000	£000	per cent
<b>REVENUE DEL</b>				
Sectors and Business	53,129	51,065	-2,064	-3.9
Science & Innovation	14,895	13,202	-1,693	-11.4
Major Events	4,740	4,456	-284	-6.0
Infrastructure	22,171	19,446	-2,725	-12.3
Strategy & Corporate Programmes	10,060	9,413	-647	-6.4
Motway and Trunk Road Network Operations	173,574	170,146	-3,428	-2.0
Rail and Air Services	173,179	163,968	-9,211	-5.3
Sustainable Travel	83,685	77,304	-6,381	-7.6
Improve Road Safety	4,713	4,243	-470	-10.0
<b>TOTAL Revenue</b>	<b>540,146</b>	<b>513,243</b>	<b>-26,903</b>	<b>-5.0</b>
<b>CAPITAL DEL</b>				
Sectors and Business	66,144	78,144	12,000	18.1
Science & Innovation	11,979	11,979	0	0.0
Infrastructure	28,456	28,456	0	0.0
Strategy & Corporate Programmes	68	68	0	0.0
Motway and Trunk Road Network Operations	63,204	71,450	8,246	13.0
Road and Rail Investment	121,046	151,766	30,720	25.4
Sustainable Travel	39,532	52,566	13,034	33.0
Improve and Maintain Local Roads Infrastructure	13,667	13,667	0	0.0
Improve Road Safety	6,900	6,900	0	0.0
<b>TOTAL Capital</b>	<b>350,996</b>	<b>414,996</b>	<b>64,000</b>	<b>18.2</b>
<b>AME</b>				
Infrastructure	20,000	20,000	0	0.0
Motorway and Trunk Road Network Operations	28,946	28,946	0	0.0
<b>TOTAL AME</b>	<b>48,946</b>	<b>48,946</b>	<b>0</b>	<b>0.0</b>
Revenue DEL	540,146	513,243	-26,903	-5.0
Capital DEL	350,996	414,996	64,000	18.2
<b>TOTAL DEL</b>	<b>891,142</b>	<b>928,239</b>	<b>37,097</b>	<b>4.2</b>
Annually Managed Expenditure	48,946	48,946	0	0.0
<b>TOTAL Environment, Science and Transport</b>	<b>940,088</b>	<b>977,185</b>	<b>37,097</b>	<b>3.9</b>

Source: Research Service calculations from Welsh Government Draft Budget 2014-15

## 6.2. Year-on-year changes

**Table 18** provides information on the allocations proposed within the EST MEG at SPA level, showing the year on year changes in 2014-15 and the cumulative changes over the budget period in both cash and real terms.

### **Total DEL**

- increases by £75.6 million or 8.9% (6.8% real terms increase) in 2014-15 as compared with 2013-14.
- increases by £70.8 million, or 8.3% (4.4% real terms increase) over the budget period (2013-14 to 2015-16).

### **Revenue DEL**

- decreases by £22 million or 4.1% (5.9% real terms reduction) in 2014-15 as compared with 2013-14.
- decreases by £30.2 million, or 5.6% (9.0 real terms reduction) over the budget period (2013-14 to 2015-16).

In her paper to the Enterprise and Business Committee,<sup>41</sup> the Minister details the following revenue reductions in 2014-15 as compared with 2013-14:

- A reduction to the Economy and Science revenue budget of £3.3 million. This is intended to be made from efficiencies, reprioritisation and re-profiling of commitments.
- A reduction to the Transport revenue budget of £18.7 million. The Minister's paper states that the transport budget is challenging as it comprises several long term contractual arrangements, and that negotiations are underway to try to achieve savings without impacting on service levels.

There are no increases in revenue DEL in 2014-15 as compared with 2013-14.

The greatest monetary reduction in revenue DEL in 2014-15 is in the Rail and Air Services SPA/action, which sees a decrease of £9.2 million, or 5.3%. In real terms this equates to a 7.1% reduction. The Minister's paper to Committee states that this represents an early estimate of potential savings, although this will require significant negotiation with both service providers and the UK Government.<sup>42</sup>

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<sup>41</sup> National Assembly for Wales, Enterprise and Business Committee, Paper from the Minister for Economy, Science and Transport, [EBC\(4\)-38-13\(p4\) - Welsh Government Draft Budget Proposals Economy, Transport and Science](#), October 2013 [accessed 22 October 2013]

<sup>42</sup> National Assembly for Wales, Enterprise and Business Committee, Paper from the Minister for Economy, Science and Transport, [EBC\(4\)-38-13\(p4\) - Welsh Government Draft Budget Proposals Economy, Transport and Science](#), October 2013 [accessed 22 October 2013]

The greatest percentage reduction in revenue DEL in 2014-15 is in the Improve Road Safety action/SPA, which sees a decrease of £0.5 million, or 10.0%. In real terms this equates to an 11.7% reduction. The Minister's paper to Committee states that this has been achieved by efficiencies identified in funding arrangements with partner organisations.<sup>43</sup>

### ***Capital DEL***

- increases by £97.7 million or 30.8% (28.3% real terms increase) in 2014-15 as compared with 2013-14.
- increases by £101 million, or 31.8% (27.1% real terms increase) over the budget period (2013-14 to 2015-16).

The greatest monetary increase in capital DEL in 2014-15 is in the Road and Rail Investment SPA, which sees an increase of £41.9 million, or 38.1%. In real terms this equates to a 35.5% increase. The Minister's paper to Committee states that this represents some of the additional allocations detailed above, as well as reprioritisation within existing budgets for the M4 corridor, A465 and Eastern Bay Link.<sup>44</sup>

The greatest percentage increase in capital DEL in 2014-15 is in the Science and Innovation SPA, which sees an increase of £8.4 million, or over 100 per cent. No detail of this change is provided, but it is likely to represent the £9 million allocation for the Menai Science Park announced at Final Budget 2013-14 as a result of the Budget Agreement with Plaid Cymru.<sup>45</sup>

The only reduction in capital DEL in 2014-15 is in the Infrastructure SPA, which sees a decrease of £8 million, or 21.9%. In real terms this equates to a 23.4% reduction. No detail of this change is provided

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<sup>43</sup> National Assembly for Wales, Enterprise and Business Committee, Paper from the Minister for Economy, Science and Transport, [\*EBC\(4\)-38-13\(p4\) - Welsh Government Draft Budget Proposals Economy, Transport and Science\*](#), October 2013 [accessed 22 October 2013]

<sup>44</sup> National Assembly for Wales, Enterprise and Business Committee, Paper from the Minister for Economy, Science and Transport, [\*EBC\(4\)-38-13\(p4\) - Welsh Government Draft Budget Proposals Economy, Transport and Science\*](#), October 2013 [accessed 22 October 2013]

<sup>45</sup> Welsh Government, [\*Draft Budget 2014-15 Narrative\*](#), (Chapter 12, page 78) October 2013 [accessed 22 October 2013]

**AME**

- Increases by £1 million or 2.1% (0.2% real terms increase) in 2014-15 as compared with 2013-14.
- Increases by £12.2 million, or 25.5% (21.0% real terms increase) over the budget period (2013-14 to 2015-16).

No detail of the reason for this increase is provided.

**Table 18: Year-on-year changes to EST MEG**

Spending Programme Area (SPA)	2013-14	2014-15	2015-16	Change 2013-14		Change 2014-15		Overall change		Real terms		Real terms		Real terms	
	Supplementary Budget	Draft Budget	indicative Draft Budget	to 2014-15	per cent	to 2015-16	per cent	2013-14 to 2015-16	per cent	change 2013-14 to 2014-15	per cent	change 2014-15 to 2015-16	per cent	overall change 2013-14 to 2015-16	per cent
	£000	£000	£000	£000	per cent	£000	per cent	£000	per cent	£000	per cent	£000	per cent	£000	per cent
<b>REVENUE DEL</b>															
Sectors and Business	51,089	51,065	48,985	-24	-0.0	-2,080	-4.1	-2,104	-4.1	-976	-1.9	-2,946	-5.8	-3,867	-7.6
Science & Innovation	14,269	13,202	12,882	-1,067	-7.5	-320	-2.4	-1,387	-9.7	-1,313	-9.2	-548	-4.1	-1,851	-13.0
Major Events	4,740	4,456	4,354	-284	-6.0	-102	-2.3	-386	-8.1	-367	-7.7	-179	-4.0	-543	-11.5
Infrastructure	20,642	19,446	20,397	-1,196	-5.8	951	4.9	-245	-1.2	-1,559	-7.6	590	3.0	-979	-4.7
Strategy & Corporate Programmes	10,138	9,413	9,349	-725	-7.2	-64	-0.7	-789	-7.8	-901	-8.9	-229	-2.4	-1,126	-11.1
Motway and Trunk Road Network Operations	174,212	170,146	168,998	-4,066	-2.3	-1,148	-0.7	-5,214	-3.0	-7,238	-4.2	-4,136	-2.4	-11,298	-6.5
Rail and Air Services	173,179	163,968	160,389	-9,211	-5.3	-3,579	-2.2	-12,790	-7.4	-12,268	-7.1	-6,415	-3.9	-18,564	-10.7
Sustainable Travel	82,302	77,304	75,502	-4,998	-6.1	-1,802	-2.3	-6,800	-8.3	-6,439	-7.8	-3,137	-4.1	-9,518	-11.6
Improve Road Safety	4,717	4,243	4,243	-474	-10.0	0	0.0	-474	-10.0	-553	-11.7	-75	-1.8	-627	-13.3
<b>TOTAL Revenue</b>	<b>535,288</b>	<b>513,243</b>	<b>505,099</b>	<b>-22,045</b>	<b>-4.1</b>	<b>-8,144</b>	<b>-1.6</b>	<b>-30,189</b>	<b>-5.6</b>	<b>-31,615</b>	<b>-5.9</b>	<b>-17,075</b>	<b>-3.3</b>	<b>-48,371</b>	<b>-9.0</b>
<b>CAPITAL DEL</b>															
Sectors and Business	56,519	78,144	88,633	21,625	38.3	10,489	13.4	32,114	56.8	20,168	35.7	8,922	11.4	28,923	51.2
Science & Innovation	3,613	11,979	2,979	8,366	231.6	-9,000	-75.1	-634	-17.5	8,143	225.4	-9,053	-75.6	-741	-20.5
Infrastructure	36,456	28,456	18,456	-8,000	-21.9	-10,000	-35.1	-18,000	-49.4	-8,531	-23.4	-10,326	-36.3	-18,664	-51.2
Strategy & Corporate Programmes	59	68	79	9	15.3	11	16.2	20	33.9	8	13.1	10	14.1	17	29.1
Motway and Trunk Road Network Operations	48,551	71,450	92,550	22,899	47.2	21,100	29.5	43,999	90.6	21,567	44.4	19,464	27.2	40,667	83.8
Road and Rail Investment	109,916	151,766	152,166	41,850	38.1	400	0.3	42,250	38.4	39,020	35.5	-2,291	-1.5	36,772	33.5
Sustainable Travel	41,640	52,566	42,866	10,926	26.2	-9,700	-18.5	1,226	2.9	9,946	23.9	-10,458	-19.9	-317	-0.8
Improve and Maintain Local Roads Infrastructure	13,667	13,667	13,667	0	0.0	0	0.0	0	0.0	-255	-1.9	-242	-1.8	-492	-3.6
Improve Road Safety	6,900	6,900	6,900	0	0.0	0	0.0	0	0.0	-129	-1.9	-122	-1.8	-248	-3.6
<b>TOTAL Capital</b>	<b>317,321</b>	<b>414,996</b>	<b>418,296</b>	<b>97,675</b>	<b>30.8</b>	<b>3,300</b>	<b>0.8</b>	<b>100,975</b>	<b>31.8</b>	<b>89,937</b>	<b>28.3</b>	<b>-4,096</b>	<b>-1.0</b>	<b>85,917</b>	<b>27.1</b>
<b>AME</b>															
Infrastructure	20,000	20,000	20,000	0	0.0	0	0.0	0	0.0	-373	-1.9	-354	-1.8	-720	-3.6
Motorway and Trunk Road Network Operations	27,918	28,946	40,125	1,028	3.7	11,179	38.6	12,207	43.7	488	1.7	10,470	36.2	10,763	38.6
<b>TOTAL AME</b>	<b>47,918</b>	<b>48,946</b>	<b>60,125</b>	<b>1,028</b>	<b>2.1</b>	<b>11,179</b>	<b>22.8</b>	<b>12,207</b>	<b>25.5</b>	<b>115</b>	<b>0.2</b>	<b>10,116</b>	<b>20.7</b>	<b>10,043</b>	<b>21.0</b>
Revenue DEL	535,288	513,243	505,099	-22,045	-4.1	-8,144	-1.6	-30,189	-5.6	-31,615	-5.9	-17,075	-3.3	-48,371	-9.0
Capital DEL	317,321	414,996	418,296	97,675	30.8	3,300	0.8	100,975	31.8	89,937	28.3	-4,096	-1.0	85,917	27.1
<b>TOTAL DEL</b>	<b>852,609</b>	<b>928,239</b>	<b>923,395</b>	<b>75,630</b>	<b>8.9</b>	<b>-4,844</b>	<b>-0.5</b>	<b>70,786</b>	<b>8.3</b>	<b>58,322</b>	<b>6.8</b>	<b>-21,171</b>	<b>-2.3</b>	<b>37,546</b>	<b>4.4</b>
Annually Managed Expenditure	47,918	48,946	60,125	1,028	2.1	11,179	22.8	12,207	25.5	115	0.2	10,116	20.7	10,043	21.0
<b>TOTAL Environment, Science and Transport</b>	<b>900,527</b>	<b>977,185</b>	<b>983,520</b>	<b>76,658</b>	<b>8.5</b>	<b>6,335</b>	<b>0.6</b>	<b>82,993</b>	<b>9.2</b>	<b>58,438</b>	<b>6.5</b>	<b>-11,055</b>	<b>-1.1</b>	<b>47,588</b>	<b>5.3</b>

Source: Research Service calculations from Welsh Government Draft Budget 2014-15

## 7. Education and Skills (ES)

This section details the overall figures<sup>46</sup> for the ES MEG, provides details of additional allocations and transfers since indicative plans from last year, and summarises the greatest year-on-year changes in the actions/ SPAs of the MEG.

The EST MEG accounts for 11.6% of the Welsh Government's total DEL allocation in 2014-15.

### *7.1. Changes in comparison to indicative plans*

**Table 19** shows details of allocations in the ES MEG at SPA level as compared with previous indicative plans (as at Supplementary Budget 2013-14) and how these plans have changed in the draft budget 2014-15.

#### ***Total DEL***

In comparison to previous indicative plans total DEL for 2014-15 has decreased by £77.6 million, or 4.2%.

These changes are due to:

- Revenue reductions of £84 million and transfers out of the MEG totalling £28.6 million, offset by an additional allocation of £35 million.

#### ***Revenue DEL***

In comparison with previous indicative plans, revenue DEL for 2014-15 has reduced by £77.6 million, or 4.6%. These changes include:

- An additional allocation of £35 million to the Pupil Deprivation Grant action in the Education and Training Standards SPA;
- £28.6 million transferred out to the Local Government MEG. This represents £4.2 million in funding for post-16 special educational needs (SEN) provision in mainstream schools, (from the Post-16 Education action in the Education and Training Standards SPA) and £24.4 million in funding for post-16 special schools and SEN out of county placements (from the Wellbeing of Children and Young People action in the Improving Wellbeing and Reducing Inequality SPA) being rolled into the RSG.

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<sup>46</sup> Note that the quoted figures in this section may not always add to totals, this is due to rounding of figures for ease of reference.

- £83.9 million in revenue reductions across the portfolio, as detailed in the Minister's papers to the Enterprise and Business Committee<sup>47</sup> and Children and Young People Committee.<sup>48</sup> Details of how these reductions impact on the SPAs can be seen in [table 19](#), and further detailed information can be found in the Minister's papers.<sup>49</sup>

In relation to the revenue reductions, the Minister's paper states:

We have undertaken a line by line review of budgets to establish how the £83.9m in 2014-15 and £103.9m in 2015-16 can be managed. Whilst difficult decisions have had to be made, the review has been set in the context of continued focus on our Programme for Government commitments and shaped around the three cross-cutting delivery themes of Jobs and Growth; Educational Attainment and Supporting Children, Families and Deprived Communities.<sup>50</sup>

### **Capital DEL**

In comparison with previous indicative plans, there are no changes to capital DEL for 2014-15.

### **AME**

In comparison to previous indicative plans AME for 2014-15 has increased by £30.9 million, or 16.9%. The latest forecasts in respect of Student Loans are stated to require an increase of £25 million in 2014-15. There is also an addition of £6 million AME for pension adjustments for Careers Wales, which became a subsidiary of the Welsh Government in April 2013.<sup>51</sup>

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<sup>47</sup> National Assembly for Wales, Enterprise and Business Committee, [Draft Budget 2014-15 Scrutiny: Paper from the Minister for Education and Skills](#), October 2013 [accessed 22 October 2013]

<sup>48</sup> National Assembly for Wales, Children and Young People Committee, [Draft Budget 2014-15 Scrutiny: Paper from the Minister for Education and Skills](#), October 2013 [accessed 22 October 2013]

<sup>49</sup> National Assembly for Wales, Enterprise and Business Committee, [Draft Budget 2014-15 Scrutiny: Paper from the Minister for Education and Skills](#), October 2013 and National Assembly for Wales, Children and Young People Committee, [Draft Budget 2014-15 Scrutiny: Paper from the Minister for Education and Skills](#), October 2013 [accessed 22 October 2013]

<sup>50</sup> National Assembly for Wales, Enterprise and Business Committee, [Draft Budget 2014-15 Scrutiny: Paper from the Minister for Education and Skills](#), October 2013 [accessed 22 October 2013]

<sup>51</sup> National Assembly for Wales, Children and Young People Committee, [Draft Budget 2014-15 Scrutiny: Paper from the Minister for Education and Skills](#), October 2013 [accessed 22 October 2013]

**Table 19: Changes to ES MEG since indicative plans in Supplementary Budget 2013-14**

Spending Programme Area (SPA)	2014-15 indicative at Supplementary Budget 2013-14	2014-15 Draft Budget	Change Supplementary Budget 2013-14 indicative 2014-15 to Draft Budget 2014-15	
	£000	£000	£000	per cent
<b>REVENUE DEL</b>				
Education and Training Standards	1,209,052	1,167,519	-41,533	-3.4
Skilled Workforce <sup>1</sup>	76,258	69,043	-7,215	-9.5
Economic and Social Wellbeing and Reducing Inequality	382,054	354,837	-27,217	-7.1
Welsh Language	25,076	24,376	-700	-2.8
Delivery Support	4,049	3,149	-900	-22.2
<b>TOTAL REVENUE</b>	<b>1,696,489</b>	<b>1,618,924</b>	<b>-77,565</b>	<b>-4.6</b>
<b>CAPITAL DEL</b>				
Education and Training Skills	153,834	153,834	0	0.0
<b>TOTAL CAPITAL</b>	<b>153,834</b>	<b>153,834</b>	<b>0</b>	<b>0.0</b>
<b>AME</b>				
Economic and Social Wellbeing and Reducing Inequality	183,149	208,084	24,935	13.6
Skilled workforce	0	6,000	6,000	..
<b>TOTAL AME</b>	<b>183,149</b>	<b>214,084</b>	<b>30,935</b>	<b>16.9</b>
Revenue DEL	1,696,489	1,618,924	-77,565	-4.6
Capital DEL	153,834	153,834	0	0.0
<b>TOTAL DEL</b>	<b>1,850,323</b>	<b>1,772,758</b>	<b>-77,565</b>	<b>-4.2</b>
Annually Managed Expenditure	183,149	214,084	30,935	16.9
<b>TOTAL Education and Skills</b>	<b>2,033,472</b>	<b>1,986,842</b>	<b>-46,630</b>	<b>-2.3</b>

Source: Research Service calculations from Welsh Government Draft Budget 2014-15

1. 2014-15 indicative plans restated to remove the £5 million adjustment in respect of Adapt funding detailed in annex C of the Draft Budget 2014-15 narrative document



## 7.2. Year-on-year changes

**Table 20** provides information on the allocations proposed within the ES MEG at SPA level, showing the year on year changes in 2014-15 and the cumulative changes over the budget period in both cash and real terms.

### **Total DEL**

- decreases by £88 million or 4.7% (6.5% real terms decrease) in 2014-15 as compared with 2013-14.
- decreases by £152.9 million, or 8.2% (11.5% real terms decrease) over the budget period (2013-14 to 2015-16).

### **Revenue DEL**

- decreases by £39.7 million or 2.4% (4.2% real terms reduction) in 2014-15 as compared with 2013-14.
- decreases by £94.6 million, or 5.7% (9.1% real terms reduction) over the budget period (2013-14 to 2015-16).

The only increase in revenue DEL in 2014-15 as compared with 2013-14 is in the Economic and Social Wellbeing and Reducing Inequality SPA, which sees an increase £0.3 million, or 0.1%. In real terms this equates to a 1.8% reduction.

The greatest monetary reduction in revenue DEL in 2014-15 is in the Education and Training SPA, which sees a decrease of £32.5 million, or 2.7%. In real terms this equates to a 4.5% reduction.

The greatest percentage reduction in revenue DEL in 2014-15 is in the Delivery Support SPA, which sees a decrease of £0.9 million, or 22.2%. In real terms this equates to a 23.7% reduction.

### **Capital DEL**

- decreases by £48.3 million or 23.9% (25.3% real terms reduction) in 2014-15 as compared with 2013-14.
- decreases by £58.3 million, or 28.8% (31.4% real terms reduction) over the budget period (2013-14 to 2015-16).

There is only one capital DEL action in the ES MEG, thus the whole of the £48.3 million reduction in 2014-15 is in the Estates and IT Provision action within the Education and Training Standards SPA.

## **AME**

- Increases by £37.2 million or 21.0% (18.8% real terms increase) in 2014-15 as compared with 2013-14.
- Increases by £61 million, or 34.5% (29.6% real terms increase) over the budget period (2013-14 to 2015-16).

**Table 20: Year-on-year changes to ES MEG**

Spending Programme Area (SPA)	2013-14	2014-15	2015-16	Change 2013-14 to 2014-15		Change 2014-15 to 2015-16		Overall change 2013-14 to 2015-16		Real terms change 2013-14 to 2014-15		Real terms change 2014-15 to 2015-16		Real terms overall change 2013-14 to 2015-16	
	Supplementary Budget	Draft Budget	indicative Draft Budget	£000	per cent	£000	per cent	£000	per cent	£000	per cent	£000	per cent	£000	per cent
<b>REVENUE DEL</b>															
Education and Training Standards	1,200,051	1,167,519	1,122,579	-32,532	-2.7	-44,940	-3.8	-77,472	-6.5	-54,301	-4.5	-64,789	-5.5	-117,882	-9.8
Skilled Workforce <sup>1</sup>	74,903	69,043	70,903	-5,860	-7.8	1,860	2.7	-4,000	-5.3	-7,147	-9.5	606	0.9	-6,552	-8.7
Economic and Social Wellbeing and Reducing Inequality	354,579	354,837	344,052	258	0.1	-10,785	-3.0	-10,527	-3.0	-6,358	-1.8	-16,868	-4.8	-22,912	-6.5
Welsh Language	25,076	24,376	23,511	-700	-2.8	-865	-3.5	-1,565	-6.2	-1,155	-4.6	-1,281	-5.3	-2,411	-9.6
Delivery Support	4,049	3,149	3,049	-900	-22.2	-100	-3.2	-1,000	-24.7	-959	-23.7	-154	-4.9	-1,110	-27.4
<b>TOTAL REVENUE</b>	<b>1,658,658</b>	<b>1,618,924</b>	<b>1,564,094</b>	<b>-39,734</b>	<b>-2.4</b>	<b>-54,830</b>	<b>-3.4</b>	<b>-94,564</b>	<b>-5.7</b>	<b>-69,920</b>	<b>-4.2</b>	<b>-82,486</b>	<b>-5.1</b>	<b>-150,868</b>	<b>-9.1</b>
<b>CAPITAL DEL</b>															
Education and Training Skills	202,134	153,834	143,834	-48,300	-23.9	-10,000	-6.5	-58,300	-28.8	-51,168	-25.3	-12,543	-8.2	-63,478	-31.4
<b>TOTAL CAPITAL</b>	<b>202,134</b>	<b>153,834</b>	<b>143,834</b>	<b>-48,300</b>	<b>-23.9</b>	<b>-10,000</b>	<b>-6.5</b>	<b>-58,300</b>	<b>-28.8</b>	<b>-51,168</b>	<b>-25.3</b>	<b>-12,543</b>	<b>-8.2</b>	<b>-63,478</b>	<b>-31.4</b>
<b>AME</b>															
Economic and Social Wellbeing and Reducing Inequality	176,869	208,084	231,862	31,215	17.6	23,778	11.4	54,993	31.1	27,335	15.5	19,678	9.5	46,646	26.4
Skilled workforce	0	6,000	6,000	6,000	..	0	0.0	6,000	..	5,888	..	-106	-1.8	5,784	..
<b>TOTAL AME</b>	<b>176,869</b>	<b>214,084</b>	<b>237,862</b>	<b>37,215</b>	<b>21.0</b>	<b>23,778</b>	<b>11.1</b>	<b>60,993</b>	<b>34.5</b>	<b>33,223</b>	<b>18.8</b>	<b>19,572</b>	<b>9.1</b>	<b>52,430</b>	<b>29.6</b>
Revenue DEL	1,658,658	1,618,924	1,564,094	-39,734	-2.4	-54,830	-3.4	-94,564	-5.7	-69,920	-4.2	-82,486	-5.1	-150,868	-9.1
Capital DEL	202,134	153,834	143,834	-48,300	-23.9	-10,000	-6.5	-58,300	-28.8	-51,168	-25.3	-12,543	-8.2	-63,478	-31.4
<b>TOTAL DEL</b>	<b>1,860,792</b>	<b>1,772,758</b>	<b>1,707,928</b>	<b>-88,034</b>	<b>-4.7</b>	<b>-64,830</b>	<b>-3.7</b>	<b>-152,864</b>	<b>-8.2</b>	<b>-121,088</b>	<b>-6.5</b>	<b>-95,029</b>	<b>-5.4</b>	<b>-214,346</b>	<b>-11.5</b>
Annually Managed Expenditure	176,869	214,084	237,862	37,215	21.0	23,778	11.1	60,993	34.5	33,223	18.8	19,572	9.1	52,430	29.6
<b>TOTAL Education and Skills</b>	<b>2,037,661</b>	<b>1,986,842</b>	<b>1,945,790</b>	<b>-50,819</b>	<b>-2.5</b>	<b>-41,052</b>	<b>-2.1</b>	<b>-91,871</b>	<b>-4.5</b>	<b>-87,865</b>	<b>-4.3</b>	<b>-75,457</b>	<b>-3.8</b>	<b>-161,915</b>	<b>-7.9</b>

Source: Research Service calculations from Welsh Government Draft Budget 2014-15

1. 2014-15 indicative plans restated to remove the £5 million adjustment in respect of Adapt funding detailed in annex C of the Draft Budget 2014-15 narrative document

## 8. Natural Resources and Food (NRF)

This section details the overall figures<sup>52</sup> for the NRF MEG, provides details of additional allocations and transfers since indicative plans from last year, and summarises the greatest year-on-year changes in the actions/ SPAs of the MEG.

The NRF MEG accounts for 2.7% of the Welsh Government's total DEL allocation in 2014-15.

### *8.1. Changes in comparison to indicative plans*

**Table 21** shows details of allocations in the NRF MEG at SPA level as compared with previous indicative plans (as at Supplementary Budget 2013-14) and how these plans have changed in the draft budget 2014-15.

#### ***Total DEL***

In comparison to previous indicative plans total DEL for 2014-15 has increased by £20.3 million, or 5.1%.

These changes are due to:

- Revenue reductions of £22.2 million; and
- Additional capital allocations of £42.5million.

#### ***Revenue DEL***

In comparison with previous indicative plans, revenue DEL for 2014-15 has reduced by £22.2 million, or 6.8%. The Minister's paper to the Environment and Sustainability Committee,<sup>53</sup> details the following revenue reductions:

- £18.1 million 'domestic headroom' in relation to the Rural Development Plan, from the Delivering programmes within the Rural Development Plan action in the Agriculture and Food SPA;
- £4 million in relation to the waste strategy and waste procurement, from the Manage and implement the waste strategy and waste procurement action in the Climate Change and Sustainability SPA; and
- £0.1 million in relation to climate change, from the Develop and implement climate change, emission prevention and fuel poverty policy, communications, legislation and regulation in the Climate Change and Sustainability SPA.

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<sup>52</sup> Note that the quoted figures in this section may not always add to totals, this is due to rounding of figures for ease of reference.

<sup>53</sup> National Assembly for Wales, Environment and Sustainability Committee, [\*Draft Budget 2014-15 Scrutiny: Paper from the Minister for Natural Resources and Food\*](#), October 2013 [accessed 22 October 2013]

The Minister's paper to the Environment and Sustainability Committee states:

In managing reductions, all budgets have been reviewed to consider their alignment with the Programme for government, economic impacts and the tackling poverty agenda.

...

On reviewing the domestic RDP budget requirements there will be some limited headroom in the Welsh Government rural allocation for the next two and a half financial years. This headroom in the domestic budget enabled much of the savings required to be absorbed within this budget to the amount of £18.1 million. You will wish to note that this will not affect the RDP overall budget as agreed with the European Commission, nor reduce Welsh Government's ability to draw down the EU funds allocated to us for the RDP.<sup>54</sup>

### **Capital DEL**

In comparison with previous indicative plans, capital DEL for 2014-15 increases by £42.5 million (59.7%). These changes are in support of WIIP projects,<sup>55</sup> including:

- £7.5 million for the fuel poverty programme, this will be used to secure further private investment through the Arbed Energy Company Obligation (ECO). This has gone into the Develop and implement climate change, emission prevention and fuel poverty policy, communications, legislation and regulation action in the Climate Change and Sustainability SPA.
- £35 million for the Flood and Coastal Risk Management Programme, to the Develop and implement flood and coastal risk, water and sewage policy and legislation action in the Climate Change and Sustainability SPA.

### **AME**

Previously there had been no AME in this MEG; however the draft budget allocates £2.9 million in 2014-15. This relates to pensions liability provision for Natural Resources Wales.

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<sup>54</sup> National Assembly for Wales, Environment and Sustainability Committee, [\*Draft Budget 2014-15 Scrutiny: Paper from the Minister for Natural Resources and Food\*](#), October 2013 [accessed 22 October 2013]

<sup>55</sup> Welsh Government, [\*Draft Budget 2014-15 Narrative\*](#), (Chapter 4) October 2013 [accessed 22 October 2013]

**Table 21: Changes to NRF MEG since indicative plans in Supplementary Budget 2013-14**

Spending Programme Area (SPA)	2014-15 indicative at Supplementary Budget 2013-14	2014-15 Draft Budget	Change Supplementary Budget 2013-14 indicative 2014-15 to Draft Budget	
	£000	£000	£000	per cent
<b>REVENUE DEL</b>				
Climate Change and Sustainability	122,325	118,019	-4,306	-3.5
Environment <sup>1</sup>	82,415	82,501	86	0.1
Evidence Base	1,136	1,136	0	0.0
Protecting & Improving Animal Health & Welfare	38,041	38,041	0	0.0
Agriculture and Food	80,366	62,373	-17,993	-22.4
<b>TOTAL REVENUE</b>	<b>324,283</b>	<b>302,070</b>	<b>-22,213</b>	<b>-6.8</b>
<b>CAPITAL DEL</b>				
Climate Change and Sustainability	58,584	101,084	42,500	72.5
Environment	795	795	0	0.0
Evidence Base	38	38	0	0.0
Agriculture and Food	11,723	11,723	0	0.0
<b>TOTAL CAPITAL</b>	<b>71,140</b>	<b>113,640</b>	<b>42,500</b>	<b>59.7</b>
<b>TOTAL AME</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>
Revenue DEL	324,283	302,070	-22,213	-6.8
Capital DEL	71,140	113,640	42,500	59.7
<b>TOTAL DEL</b>	<b>395,423</b>	<b>415,710</b>	<b>20,287</b>	<b>5.1</b>
Annually Managed Expenditure	0	2,900	0	0.0
<b>TOTAL Natural Resources and Food</b>	<b>395,423</b>	<b>418,610</b>	<b>23,187</b>	<b>5.9</b>

Source: Research Service calculations from Welsh Government Draft Budget 2014-15

1. 2014-15 indicative plans restated to remove the £1.232 million transfer to HM Treasury in respect of the Countryside Council for Wales detailed in annex C of the Draft Budget 2014-15 narrative document.

## 8.2. Year-on-year changes

**Table 22** provides information on the allocations proposed within the NRF MEG at SPA level, showing the year on year changes in 2014-15 and the cumulative changes over the budget period in both cash and real terms.

### **Total DEL**

- increases by £1.8 million or 0.4% (1.4% real terms reduction) in 2014-15 as compared with 2013-14.
- decreases by £14.2 million, or 3.4% (6.9% real terms reduction) over the budget period (2013-14 to 2015-16).

### **Revenue DEL**

- decreases by £25.2 million or 7.7% (9.4% real terms reduction) in 2014-15 as compared with 2013-14.
- decreases by £35.2 million, or 10.7% (14.0% real terms reduction) over the budget period (2013-14 to 2015-16).

There are no increases in revenue DEL in 2014-15 as compared with 2013-14.

The greatest reduction in revenue DEL in 2014-15 (in both monetary and percentage terms) is in the Agriculture and Food SPA. This mainly relates to the £18.1 million reduction to the Rural Development Plan, from the Delivering programmes within the Rural Development Plan action, as detailed above.

### **Capital DEL**

- increases by £27 million or 31.2% (28.7% real terms increase) in 2014-15 as compared with 2013-14.
- increases by £21 million, or 24.3% (19.8% real terms increase) over the budget period (2013-14 to 2015-16).

The only increase in capital DEL in 2014-15 is in the Climate Change and Sustainability SPA, which sees an increase of £29.7 million, or 41.6%. In real terms this equates to a 39% increase. This is likely to relate to the additional capital allocations detailed above.

The only reduction in capital DEL in 2014-15 is in the Agriculture and Food SPA, which sees a decrease of £2.7 million, or 18.7%. In real terms this equates to a 20.2% reduction. No detail of this change is provided.

**AME**

- Increases by £2.9 million from zero in 2014-15 as compared with 2013-14.
- Increases by £2.9 million from zero over the budget period (2013-14 to 2015-16).

This is due to the additional allocation in respect of Natural Resources Wales pensions liability, detailed above.



**Table 22: Year-on-year changes to NRF MEG**

Spending Programme Area (SPA)	2013-14	2014-15	2015-16	Change 2013-14		Change 2014-15		Overall change		Real terms		Real terms		Real terms	
	Supplementary Budget	Draft Budget	indicative Draft Budget	to 2014-15	per cent	to 2015-16	per cent	2013-14 to 2015-16	per cent	change 2013-14 to 2014-15	per cent	change 2014-15 to 2015-16	per cent	overall change 2013-14 to 2015-16	per cent
	£000	£000	£000	£000	per cent	£000	per cent	£000	per cent	£000	per cent	£000	per cent	£000	per cent
<b>REVENUE DEL</b>															
Climate Change and Sustainability	118,778	118,019	117,019	-759	-0.6	-1,000	-0.8	-1,759	-1.5	-2,960	-2.5	-3,069	-2.6	-5,971	-5.0
Environment <sup>1</sup>	87,783	82,501	80,000	-5,282	-6.0	-2,501	-3.0	-7,783	-8.9	-6,820	-7.8	-3,916	-4.7	-10,663	-12.1
Evidence Base	1,136	1,136	1,136	0	0.0	0	0.0	0	0.0	-21	-1.9	-20	-1.8	-41	-3.6
Protecting & Improving Animal Health & Welfare	38,895	38,041	38,041	-854	-2.2	0	0.0	-854	-2.2	-1,563	-4.0	-673	-1.8	-2,223	-5.7
Agriculture and Food	80,686	62,373	55,915	-18,313	-22.7	-6,458	-10.4	-24,771	-30.7	-19,476	-24.1	-7,447	-11.9	-26,784	-33.2
<b>TOTAL REVENUE</b>	<b>327,278</b>	<b>302,070</b>	<b>292,111</b>	<b>-25,208</b>	<b>-7.7</b>	<b>-9,959</b>	<b>-3.3</b>	<b>-35,167</b>	<b>-10.7</b>	<b>-30,840</b>	<b>-9.4</b>	<b>-15,124</b>	<b>-5.0</b>	<b>-45,682</b>	<b>-14.0</b>
<b>CAPITAL DEL</b>															
Climate Change and Sustainability	71,368	101,084	95,084	29,716	41.6	-6,000	-5.9	23,716	33.2	27,831	39.0	-7,681	-7.6	20,293	28.4
Environment	795	795	795	0	0.0	0	0.0	0	0.0	-15	-1.9	-14	-1.8	-29	-3.6
Evidence Base	38	38	38	0	0.0	0	0.0	0	0.0	-1	-1.9	-1	-1.8	-1	-3.6
Agriculture and Food	14,423	11,723	11,723	-2,700	-18.7	0	0.0	-2,700	-18.7	-2,919	-20.2	-207	-1.8	-3,122	-21.6
<b>TOTAL CAPITAL</b>	<b>86,624</b>	<b>113,640</b>	<b>107,640</b>	<b>27,016</b>	<b>31.2</b>	<b>-6,000</b>	<b>-5.3</b>	<b>21,016</b>	<b>24.3</b>	<b>24,897</b>	<b>28.7</b>	<b>-7,903</b>	<b>-7.0</b>	<b>17,141</b>	<b>19.8</b>
<b>TOTAL AME</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>
Revenue DEL	327,278	302,070	292,111	-25,208	-7.7	-9,959	-3.3	-35,167	-10.7	-30,840	-9.4	-15,124	-5.0	-45,682	-14.0
Capital DEL	86,624	113,640	107,640	27,016	31.2	-6,000	-5.3	21,016	24.3	24,897	28.7	-7,903	-7.0	17,141	19.8
<b>TOTAL DEL</b>	<b>413,902</b>	<b>415,710</b>	<b>399,751</b>	<b>1,808</b>	<b>0.4</b>	<b>-15,959</b>	<b>-3.8</b>	<b>-14,151</b>	<b>-3.4</b>	<b>-5,943</b>	<b>-1.4</b>	<b>-23,027</b>	<b>-5.5</b>	<b>-28,541</b>	<b>-6.9</b>
Annually Managed Expenditure	0	2,900	2,900	2,900	..	0	0.0	2,900	..	2,846	..	-51	-1.8	2,796	..
<b>TOTAL Natural Resources and Food</b>	<b>413,902</b>	<b>418,610</b>	<b>402,651</b>	<b>4,708</b>	<b>1.1</b>	<b>-15,959</b>	<b>-3.8</b>	<b>-11,251</b>	<b>-2.7</b>	<b>-3,097</b>	<b>-0.7</b>	<b>-23,079</b>	<b>-5.5</b>	<b>-25,746</b>	<b>-6.2</b>

Source: Research Service calculations from Welsh Government Draft Budget 2014-15

1. 2014-15 indicative plans restated to remove the £1.232 million transfer to HM Treasury in respect of the Countryside Council for Wales detailed in annex C of the Draft Budget 2014-15 narrative document.

## 9. Housing and Regeneration (HR)

This section details the overall figures<sup>56</sup> for the HR MEG, provides details of additional allocations and transfers since indicative plans from last year, and summarises the greatest year-on-year changes in the actions/ SPAs of the MEG.

The HR MEG accounts for 3.5% of the Welsh Government's total DEL allocation in 2014-15.

### 9.1. Changes in comparison to indicative plans

**Table 23** shows details of allocations in the HR MEG at SPA level as compared with previous indicative plans (as at Supplementary Budget 2013-14) and how these plans have changed in the draft budget 2014-15.

#### **Total DEL**

In comparison to previous indicative plans total DEL for 2014-15 has increased by £92.4 million, or 20.8%.

These changes are due to:

- Net revenue reductions of £6.6 million; and
- Additional capital allocations of £99 million.

#### **Revenue DEL**

In comparison with previous indicative plans, revenue DEL for 2014-15 has reduced by £6.6 million, or 3.8%.

- An additional allocation of £5.5 million to the Supporting People action in the Housing Policy SPA. This is to mitigate the impact of planned reductions in 2014-15.
- This must be offset by a reduction of £12.1 million to give the overall revenue DEL reduction of £6.6 million. Details of any such reductions are not clearly detailed in the budget documents or in the Minister's paper to the Communities, Equality and Local Government Committee.<sup>57</sup> However, the following can be seen from **table 23**, with further detail provided in the action tables.<sup>58</sup>

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<sup>56</sup> Note that the quoted figures in this section may not always add to totals, this is due to rounding of figures for ease of reference.

<sup>57</sup> National Assembly for Wales, Communities, Equality and Local Government Committee, [CELG\(4\)-27-13 Paper 2: Scrutiny of Welsh Government 2014-2015 draft budget - Evidence session from the Minister for Housing and Regeneration](#), 16 October 2013 [accessed 22 October 2013]

<sup>58</sup> Welsh Government, [Draft Budget 2014-15 Action Tables](#), October 2013 [accessed 22 October 2013]

- Reduction of £3.6 million in the Housing Policy SPA, including £2.2 million from the Supporting People action (despite the additional allocation detailed above);
- Reduction of £1.9 million in the Homes and Places SPA, the majority of which comes from the Regeneration action; and
- Reduction of £1.1 million in the Planning SPA. In his paper to the Environment and Sustainability Committee in relation to the planning budget, the Minister states that consideration is on-going as to how this reduction will be managed, and it is likely to be secured from declining work streams. He states that it will not impact on work for Programme for Government commitments, including the Planning Reform Bill.<sup>59</sup>

### ***Capital DEL***

In comparison with previous indicative plans, capital DEL for 2014-15 increases by £99 million (37.0%). These changes are in support of WIIP projects,<sup>60</sup> including:

- £69 million for the Help to Buy Cymru Shared Equity Scheme. This funding is in the form of financial transactions,<sup>61</sup> and goes into the Increase the supply and choice of market housing action in the Homes and Places SPA.
- £5 million for a new pilot scheme for affordable housing land. This is also in the form of financial transactions and goes into the Increase the supply and choice of affordable housing action in the Homes and Places SPA.
- £5 million for the new pilot Town Centre Property Fund. This is also in the form of financial transactions and goes into the Regeneration action in the Homes and Places SPA.
- £5 million for Social Housing Grant, which goes into the Increase the supply and choice of affordable housing in the Homes and Places SPA.

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<sup>59</sup> National Assembly for Wales, Environment and Sustainability Committee, [\*Draft Budget 2014-15 Scrutiny: Paper from the Minister for Housing and Regeneration on the Planning Budget\*](#), October 2013 [accessed 22 October 2013]

<sup>60</sup> Welsh Government, [\*Draft Budget 2014-15 Narrative\*](#), (Chapter 4) October 2013 [accessed 22 October 2013]

<sup>61</sup> Of the additional capital allocated in this draft budget, some of it can only be used for financial transactions (equity investments and loans) due to conditions imposed by HM Treasury. This is detailed in the [\*Draft Budget 2014-15 Narrative\*](#), (Chapter 4, pages 21-22) October 2013 [accessed 22 October 2013]

- £15 million for the Intermediate Care Fund to support integration of health and social services and associated housing provision. This goes into the Intermediate Care Investment Fund action in the Housing Policy SPA.<sup>62</sup>

### AME

In comparison with previous indicative plans, there are no changes to AME for 2014-15.

**Table 23: Changes to HR MEG since indicative plans in Supplementary Budget 2013-14**

Spending Programme Area (SPA)	2014-15 indicative at Supplementary Budget 2013-14	2014-15 Draft Budget	Change Supplementary Budget 2013-14 indicative 2014-15	
	£000	£000	£000	per cent
<b>REVENUE DEL</b>				
Housing Policy	150,741	147,115	-3,626	-2.4
Homes and Places	17,278	15,348	-1,930	-11.2
Planning	7,874	6,806	-1,068	-13.6
<b>TOTAL REVENUE</b>	<b>175,893</b>	<b>169,269</b>	<b>-6,624</b>	<b>-3.8</b>
<b>CAPITAL DEL</b>				
Housing Policy	1,641	16,641	15,000	914.1
Homes and Places	265,729	349,729	84,000	31.6
<b>TOTAL CAPITAL</b>	<b>267,370</b>	<b>366,370</b>	<b>99,000</b>	<b>37.0</b>
<b>AME</b>				
Housing	-71,000	-71,000	0	0.0
<b>TOTAL AME</b>	<b>-71,000</b>	<b>-71,000</b>	<b>0</b>	<b>0.0</b>
Revenue DEL	175,893	169,269	-6,624	-3.8
Capital DEL	267,370	366,370	99,000	37.0
<b>TOTAL DEL</b>	<b>443,263</b>	<b>535,639</b>	<b>92,376</b>	<b>20.8</b>
Annually Managed Expenditure	-71,000	-71,000	0	0.0
<b>TOTAL Housing and Regeneration</b>	<b>372,263</b>	<b>464,639</b>	<b>92,376</b>	<b>24.8</b>

Source: Research Service calculations from Welsh Government Draft Budget 2014-15

<sup>62</sup> Note that this allocation is not included in the Minister's paper to the Communities, Equality and Local Government Committee, [CELG\(4\)-27-13 Paper 2: Scrutiny of Welsh Government 2014-2015 draft budget - Evidence session from the Minister for Housing and Regeneration](#), 16 October 2013 [accessed 22 October 2013]

## 9.2. Year-on-year changes

**Table 24** provides information on the allocations proposed within the HR MEG at SPA level, showing the year on year changes in 2014-15 and the cumulative changes over the budget period in both cash and real terms.

### **Total DEL**

- increases by £69.7 million or 15.0% (12.8% real terms increase) in 2014-15 as compared with 2013-14.
- increases by £52.6 million, or 11.3% (7.3% real terms increase) over the budget period (2013-14 to 2015-16).

### **Revenue DEL**

- decreases by £6.6 million or 3.8% (5.6% real terms reduction) in 2014-15 as compared with 2013-14.
- decreases by £6.4 million, or 3.6% (7.1% real terms reduction) over the budget period (2013-14 to 2015-16).

There are no increases in revenue DEL in 2014-15 as compared with 2013-14.

The greatest monetary reduction in revenue DEL in 2014-15 is in the Housing Policy SPA, which reduces by £3.6 million, or 2.4%. In real terms this equates to a 4.2% decrease. This relates to the revenue reductions detailed above.

The greatest percentage reduction in revenue DEL in 2014-15 is in the Planning SPA, which reduces by £1.1 million, or 13.6%. In real terms this equates to a 15.2% decrease. This relates to the revenue reductions detailed above.

### **Capital DEL**

- increases by £76.3 million or 26.3% (24.0% real terms increase) in 2014-15 as compared with 2013-14.
- increases by £58.9 million, or 20.3% (16.0% real terms increase) over the budget period (2013-14 to 2015-16).

The greatest monetary increase in capital DEL in 2014-15 is in the Homes and Places SPA, which sees an increase of £71.3 million, or 25.6%. In real terms this equates to a 23.3% increase. This is likely to relate to the additional capital allocations detailed above.

The greatest percentage increase in capital DEL in 2014-15 is in the Housing Policy SPA, which sees an increase of £5 million, or 43.0%. In real terms this equates to a 40.3% increase. This is likely to relate to the additional capital allocations detailed above.

There are no reductions in capital DEL in 2014-15.

***AME***

- No change in 2014-15 as compared with 2013-14.
- No change over the budget period (2013-14 to 2015-16).

**Table 24: Year-on-year changes to HR MEG**

Spending Programme Area (SPA)	2013-14	2014-15	2015-16	Change 2013-14		Change 2014-15		Overall change		Real terms		Real terms		Real terms	
	Supplementary Budget	Draft Budget	indicative Draft Budget	to 2014-15	per cent	to 2015-16	per cent	2013-14 to 2015-16	per cent	change 2013-14 to 2014-15	per cent	change 2014-15 to 2015-16	per cent	overall change 2013-14 to 2015-16	per cent
	£000	£000	£000	£000	per cent	£000	per cent	£000	per cent	£000	per cent	£000	per cent	£000	per cent
<b>REVENUE DEL</b>															
Housing Policy	150,736	147,115	147,874	-3,621	-2.4	759	0.5	-2,862	-1.9	-6,364	-4.2	-1,856	-1.3	-8,185	-5.4
Homes and Places	17,295	15,348	14,852	-1,947	-11.3	-496	-3.2	-2,443	-14.1	-2,233	-12.9	-759	-4.9	-2,978	-17.2
Planning	7,874	6,806	6,806	-1,068	-13.6	0	0.0	-1,068	-13.6	-1,195	-15.2	-120	-1.8	-1,313	-16.7
<b>TOTAL REVENUE</b>	<b>175,905</b>	<b>169,269</b>	<b>169,532</b>	<b>-6,636</b>	<b>-3.8</b>	<b>263</b>	<b>0.2</b>	<b>-6,373</b>	<b>-3.6</b>	<b>-9,792</b>	<b>-5.6</b>	<b>-2,735</b>	<b>-1.6</b>	<b>-12,476</b>	<b>-7.1</b>
<b>CAPITAL DEL</b>															
Housing Policy	11,641	16,641	1,641	5,000	43.0	-15,000	-90.1	-10,000	-85.9	4,690	40.3	-15,029	-90.3	-10,059	-86.4
Homes and Places	278,384	349,729	347,329	71,345	25.6	-2,400	-0.7	68,945	24.8	64,824	23.3	-8,541	-2.4	56,442	20.3
<b>TOTAL CAPITAL</b>	<b>290,025</b>	<b>366,370</b>	<b>348,970</b>	<b>76,345</b>	<b>26.3</b>	<b>-17,400</b>	<b>-4.7</b>	<b>58,945</b>	<b>20.3</b>	<b>69,514</b>	<b>24.0</b>	<b>-23,570</b>	<b>-6.4</b>	<b>46,383</b>	<b>16.0</b>
<b>AME</b>															
Housing	-71,000	-71,000	-71,000	0	0.0	0	0.0	0	0.0	1,324	-1.9	1,255	-1.8	2,556	-3.6
<b>TOTAL AME</b>	<b>-71,000</b>	<b>-71,000</b>	<b>-71,000</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>1,324</b>	<b>-1.9</b>	<b>1,255</b>	<b>-1.8</b>	<b>2,556</b>	<b>-3.6</b>
Revenue DEL	175,905	169,269	169,532	-6,636	-3.8	263	0.2	-6,373	-3.6	-9,792	-5.6	-2,735	-1.6	-12,476	-7.1
Capital DEL	290,025	366,370	348,970	76,345	26.3	-17,400	-4.7	58,945	20.3	69,514	24.0	-23,570	-6.4	46,383	16.0
<b>TOTAL DEL</b>	<b>465,930</b>	<b>535,639</b>	<b>518,502</b>	<b>69,709</b>	<b>15.0</b>	<b>-17,137</b>	<b>-3.2</b>	<b>52,572</b>	<b>11.3</b>	<b>59,722</b>	<b>12.8</b>	<b>-26,305</b>	<b>-4.9</b>	<b>33,907</b>	<b>7.3</b>
Annually Managed Expenditure	-71,000	-71,000	-71,000	0	0.0	0	0.0	0	0.0	1,324	1.9	1,255	1.8	2,556	3.6
<b>TOTAL Housing and</b>	<b>394,930</b>	<b>464,639</b>	<b>447,502</b>	<b>69,709</b>	<b>17.7</b>	<b>-17,137</b>	<b>-3.7</b>	<b>52,572</b>	<b>13.3</b>	<b>61,045</b>	<b>15.5</b>	<b>-25,050</b>	<b>-5.4</b>	<b>36,463</b>	<b>9.2</b>

Source: Research Service calculations from Welsh Government Draft Budget 2014-15

## 10. Culture and Sport (CS)

This section details the overall figures<sup>63</sup> for the CS MEG, provides details of additional allocations and transfers since indicative plans from last year, and summarises the greatest year-on-year changes in the actions/ SPAs of the MEG.

The CS MEG accounts for **0.9%** of the Welsh Government's total DEL allocation in 2014-15.

### *10.1. Changes in comparison to indicative plans*

**Table 25** shows details of allocations in the CS MEG at SPA level as compared with previous indicative plans (as at Supplementary Budget 2013-14) and how these plans have changed in the draft budget 2014-15.

#### ***Total DEL***

In comparison to previous indicative plans total DEL for 2014-15 has decreased by £1.1 million, or 0.8%.

These changes are due to:

- Revenue reductions of £4.4 million; and
- An additional capital allocation of £3.3 million.

#### ***Revenue DEL***

In comparison with previous indicative plans, revenue DEL for 2014-15 has reduced by £4.4 million, or 3.5%. From the Minister's paper to the Communities, Equalities and Local Government Committee,<sup>64</sup> it can be seen that these changes include:

- A reduction of £2.2 million in the Support and sustain a strong arts sector via the Arts Council and others action/SPA. Of this £1 million is a reduction to the funding for the Arts Council and £1.2 million is reduced from the Support for the Arts BEL.
- A reduction of £0.2 million in the Foster usage and lifelong learning through museum services action in the Museums, Archives and Libraries SPA, related to the running costs of the National Museum of Wales.

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<sup>63</sup> Note that the quoted figures in this section may not always add to totals, this is due to rounding of figures for ease of reference.

<sup>64</sup> National Assembly for Wales, Communities, Equality and local Government Committee, [CELG\(4\)-28-13 \(Paper 2\): Scrutiny of Welsh Government 2014-2015 draft budget - Evidence session from the Minister for Culture and Sport](#), 24 October 2013 [accessed 22 October 2013]



- A reduction of £0.2 million in the Foster usage and lifelong learning through library services action in the Museums, Archives and Libraries SPA, related to the running costs of the National Library of Wales.
- A reduction of £1.2 million in the Delivery of effective sports and physical activity programmes action/SPA, of this £0.9 million relates to the current expenditure of the Sport and Active Wales Fund and £0.3 million to the Support for sport and physical activity BEL.
- A reduction of £0.2 million to the Media and publishing action/SPA, relating to the current grants of the Welsh Books Council.
- A reduction of £0.06 million to the Conserve, protect, sustain and promote access to the historic environment action/SPA, mainly due to a reduction in the running costs of CADW.
- A reduction of £0.3 million in the Landscape and outdoor recreation SPA, mainly due to a reduction in the budget for the National Botanic Garden.

In relation to the revenue reductions, the Minister's paper states:

There has been some reduction in the revenue budget... Difficult decisions have had to be made as a consequence of the overall budget position.<sup>65</sup>

### ***Capital DEL***

In comparison with previous indicative plans, capital DEL for 2014-15 has increased by £3.3 million, or 25.9%. This is entirely due to an allocation of £3.3 million for the National Library of Wales. This is to allow for repairs in response to fire damage and to enable progress in developing archive services. It goes into the Foster usage and lifelong learning through library services action in the Museums, Archives and Libraries SPA.<sup>66</sup>

### ***AME***

In comparison with previous indicative plans, there are no changes to AME for 2014-15.

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<sup>65</sup> National Assembly for Wales, Communities, Equality and local Government Committee, [\*CELG\(4\)-28-13 \(Paper 2\): Scrutiny of Welsh Government 2014-2015 draft budget - Evidence session from the Minister for Culture and Sport\*](#), 24 October 2013 [accessed 22 October 2013]

<sup>66</sup> Welsh Government, [\*Draft Budget 2014-15 Narrative\*](#), (Chapter 4) October 2013 [accessed 22 October 2013]

**Table 25: Changes to CS MEG since indicative plans in Supplementary Budget 2013-14**

Spending Programme Area (SPA)	2014-15 indicative at Supplementary Budget 2013-14	2014-15 Draft Budget	Change Supplementary Budget 2013-14 indicative 2014-	
	£000	£000	£000	per cent
<b>REVENUE DEL</b>				
Support and sustain a strong arts sector via the Arts Council and others	35,643	33,408	-2,235	-6.3
Museums, Archives and Libraries	37,445	37,045	-400	-1.1
Delivery of effective sports & physical activity programmes	24,899	23,739	-1,160	-4.7
Media and Publishing	3,926	3,726	-200	-5.1
Conserve, protect, sustain and promote access to the historic environment	11,541	11,481	-60	-0.5
Landscape and Outdoor Recreation	12,057	11,717	-340	-2.8
<b>TOTAL REVENUE</b>	<b>125,511</b>	<b>121,116</b>	<b>-4,395</b>	<b>-3.5</b>
<b>CAPITAL DEL</b>				
Support and sustain a strong arts sector via the Arts Council and others	450	355	-95	-21.1
Museums, Archives and Libraries	4,043	7,343	3,300	81.6
Delivery of effective sports & physical activity programmes	345	345	0	0.0
Media and Publishing	25	25	0	0.0
Conserve, protect, sustain and promote access to the historic environment	5,031	5,031	0	0.0
Landscape and Outdoor Recreation	2,850	2,945	95	3.3
<b>TOTAL CAPITAL</b>	<b>12,744</b>	<b>16,044</b>	<b>3,300</b>	<b>25.9</b>
<b>AME</b>				
Museums and Libraries Pensions	2,740	2,740	0	0.0
<b>TOTAL AME</b>	<b>2,740</b>	<b>2,740</b>	<b>0</b>	<b>0.0</b>
Revenue DEL	125,511	121,116	-4,395	-3.5
Capital DEL	12,744	16,044	3,300	25.9
<b>TOTAL DEL</b>	<b>138,255</b>	<b>137,160</b>	<b>-1,095</b>	<b>-0.8</b>
Annually Managed Expenditure	2,740	2,740	0	0.0
<b>TOTAL Culture and Sport</b>	<b>140,995</b>	<b>139,900</b>	<b>-1,095</b>	<b>-0.8</b>

Source: Research Service calculations from Welsh Government Draft Budget 2014-15

## 10.2. Year-on-year changes

**Table 26** provides information on the allocations proposed within the CS MEG at SPA level, showing the year on year changes in 2014-15 and the cumulative changes over the budget period in both cash and real terms.

### **Total DEL**

- decreases by £2.6 million or 1.8% (3.7% real terms decrease) in 2014-15 as compared with 2013-14.
- decreases by £2.1 million, or 1.5% (5.1% real terms decrease) over the budget period (2013-14 to 2015-16).

### **Revenue DEL**

- decreases by £4.4 million or 3.5% (5.3% real terms reduction) in 2014-15 as compared with 2013-14.
- decreases by £5.9 million, or 4.7% (8.1% real terms reduction) over the budget period (2013-14 to 2015-16).

There are no increases in revenue DEL in 2014-15 as compared with 2013-14.

The greatest monetary reduction in revenue DEL in 2014-15 is in the Support and sustain a strong arts sector via the Arts Council and others SPA, which sees a decrease of £1.4 million, or 3.9%. In real terms this equates to a 5.7% reduction.

The greatest percentage reduction in revenue DEL in 2014-15 is in the Landscape and Outdoor Recreation SPA, which sees a decrease of £1 million, or 8.0%. In real terms this equates to a 9.8% reduction.

### **Capital DEL**

- increases by £1.8 million or 12.8% (10.7% real terms increase) in 2014-15 as compared with 2013-14.
- increases by £3.7 million, or 26.2% (21.6% real terms increase) over the budget period (2013-14 to 2015-16).

The only reduction in capital DEL in 2014-15 is in the Conserve, protect, sustain and promote access to the historic environment SPA, which sees a decrease of £0.3 million, or 5.6%. In real terms this equates to a 7.4% reduction.

The only increase in capital DEL in 2014-15 is in the Museums, Archives and Libraries SPA, which sees an increase of £2.1 million, or 40.6%. In real terms this equates to a 38% increase.

## **AME**

- There is no change to the AME budget in 2014-15 as compared with 2013-14 (representing a 1.9% real terms reduction).
- Increases by £0.3 million, or 10.0% (6.0% real terms increase) over the budget period (2013-14 to 2015-16).

**Table 26: Year-on-year changes to CS MEG**

Spending Programme Area (SPA)	2013-14	2014-15	2015-16	Change 2013-14 to 2014-15		Change 2014-15 to 2015-16		Overall change 2013-14 to 2015-16		Real terms change 2013-14 to 2014-15		Real terms change 2014-15 to 2015-16		Real terms overall change 2013-14 to 2015-16	
	Supplementary Budget	Draft Budget	indicative Draft Budget	£000	per cent	£000	per cent	£000	per cent	£000	per cent	£000	per cent	£000	per cent
<b>REVENUE DEL</b>															
Support and sustain a strong arts sector via the Arts Council and others	34,758	33,408	33,158	-1,350	-3.9	-250	-0.7	-1,600	-4.6	-1,973	-5.7	-836	-2.5	-2,794	-8.0
Museums, Archives and Libraries	37,578	37,045	36,695	-533	-1.4	-350	-0.9	-883	-2.3	-1,224	-3.3	-999	-2.7	-2,204	-5.9
Delivery of effective sports & physical activity programmes	24,853	23,739	23,474	-1,114	-4.5	-265	-1.1	-1,379	-5.5	-1,557	-6.3	-680	-2.9	-2,224	-8.9
Media and Publishing	3,926	3,726	3,626	-200	-5.1	-100	-2.7	-300	-7.6	-269	-6.9	-164	-4.4	-431	-11.0
Conserve, protect, sustain and promote access to the historic environment	11,641	11,481	11,436	-160	-1.4	-45	-0.4	-205	-1.8	-374	-3.2	-247	-2.2	-617	-5.3
Landscape and Outdoor Recreation	12,742	11,717	11,257	-1,025	-8.0	-460	-3.9	-1,485	-11.7	-1,243	-9.8	-659	-5.6	-1,890	-14.8
<b>TOTAL REVENUE</b>	<b>125,498</b>	<b>121,116</b>	<b>119,646</b>	<b>-4,382</b>	<b>-3.5</b>	<b>-1,470</b>	<b>-1.2</b>	<b>-5,852</b>	<b>-4.7</b>	<b>-6,640</b>	<b>-5.3</b>	<b>-3,586</b>	<b>-3.0</b>	<b>-10,159</b>	<b>-8.1</b>
<b>CAPITAL DEL</b>															
Support and sustain a strong arts sector via the Arts Council and others	355	355	355	0	0.0	0	0.0	0	0.0	-7	-1.9	-6	-1.8	-13	-3.6
Museums, Archives and Libraries	5,223	7,343	4,243	2,120	40.6	-3,100	-42.2	-980	-18.8	1,983	38.0	-3,175	-43.2	-1,133	-21.7
Delivery of effective sports & physical activity programmes	345	345	5,345	0	0.0	5,000	1,449.3	5,000	1,449.3	-6	-1.9	4,905	1,421.9	4,808	1,393.5
Media and Publishing	25	25	25	0	0.0	0	0.0	0	0.0	-0	-1.9	-0	-1.8	-1	-3.6
Conserve, protect, sustain and promote access to the historic environment	5,331	5,031	5,031	-300	-5.6	0	0.0	-300	-5.6	-394	-7.4	-89	-1.8	-481	-9.0
Landscape and Outdoor Recreation	2,945	2,945	2,945	0	0.0	0	0.0	0	0.0	-55	-1.9	-52	-1.8	-106	-3.6
<b>TOTAL CAPITAL</b>	<b>14,224</b>	<b>16,044</b>	<b>17,944</b>	<b>1,820</b>	<b>12.8</b>	<b>1,900</b>	<b>11.8</b>	<b>3,720</b>	<b>26.2</b>	<b>1,521</b>	<b>10.7</b>	<b>1,583</b>	<b>9.9</b>	<b>3,074</b>	<b>21.6</b>
<b>AME</b>															
Museums and Libraries Pensions	2,740	2,740	3,013	0	0.0	273	10.0	273	10.0	-51	-1.9	220	8.0	165	6.0
<b>TOTAL AME</b>	<b>2,740</b>	<b>2,740</b>	<b>3,013</b>	<b>0</b>	<b>0.0</b>	<b>273</b>	<b>10.0</b>	<b>273</b>	<b>10.0</b>	<b>-51</b>	<b>-1.9</b>	<b>220</b>	<b>8.0</b>	<b>165</b>	<b>6.0</b>
Revenue DEL	125,498	121,116	119,646	-4,382	-3.5	-1,470	-1.2	-5,852	-4.7	-6,640	-5.3	-3,586	-3.0	-10,159	-8.1
Capital DEL	14,224	16,044	17,944	1,820	12.8	1,900	11.8	3,720	26.2	1,521	10.7	1,583	9.9	3,074	21.6
<b>TOTAL DEL</b>	<b>139,722</b>	<b>137,160</b>	<b>137,590</b>	<b>-2,562</b>	<b>-1.8</b>	<b>430</b>	<b>0.3</b>	<b>-2,132</b>	<b>-1.5</b>	<b>-5,119</b>	<b>-3.7</b>	<b>-2,003</b>	<b>-1.5</b>	<b>-7,085</b>	<b>-5.1</b>
Annually Managed Expenditure	2,740	2,740	3,013	0	0.0	273	10.0	273	10.0	-51	-1.9	220	8.0	165	6.0
<b>TOTAL Culture and Sport</b>	<b>142,462</b>	<b>139,900</b>	<b>140,603</b>	<b>-2,562</b>	<b>-1.8</b>	<b>703</b>	<b>0.5</b>	<b>-1,859</b>	<b>-1.3</b>	<b>-5,171</b>	<b>-3.6</b>	<b>-1,783</b>	<b>-1.3</b>	<b>-6,920</b>	<b>-4.9</b>

Source: Research Service calculations from Welsh Government Draft Budget 2014-15

## 11. Central Services & Administration (CSA)

This section details the overall figures<sup>67</sup> for the CSA MEG, provides details of additional allocations and transfers since indicative plans from last year, and summarises the greatest year-on-year changes in the actions/ SPAs of the MEG.

The CSA MEG accounts for 2.3% of the Welsh Government's total DEL allocation in 2014-15.

### *11.1. Changes in comparison to indicative plans*

**Table 27** shows details of allocations in the CSA MEG at SPA level as compared with previous indicative plans (as at Supplementary Budget 2013-14) and how these plans have changed in the draft budget 2014-15.

#### ***Total DEL***

In comparison to previous indicative plans total DEL for 2014-15 has decreased by £0.6 million, or 0.2%.

These changes are due to:

- Revenue reductions of £4.1 million; and
- An additional capital allocation of £3.5 million.

#### ***Revenue DEL***

In comparison with previous indicative plans, revenue DEL for 2014-15 has reduced by £4.1 million, or 1.3%. Changes include:

- A transfer of £2.4 million to the Invest-to-Save Fund Repayment of Investments action in the Central Programmes SPA from the Health and Social Services MEG. This relates to the repayment of Invest-to-Save projects.
- A recurrent transfer of £1.2 million to the International Relations action in the Central Programmes SPA from the Economy, Science and Transport MEG, relating to costs for international offices of the Welsh Government.
- A transfer from the Local Government MEG of £0.15 million in respect of the Adjudication Panel Wales.<sup>68</sup>

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<sup>67</sup> Note that the quoted figures in this section may not always add to totals, this is due to rounding of figures for ease of reference.

<sup>68</sup> National Assembly for Wales, Communities, Equalities and Local Government Committee, [CELG\(4\) - 27-13 Paper 1: Scrutiny of Draft Budget 2014-15 - Minister for Local Government and Government Business](#), October 2013 [accessed 22 October 2013]

The transfers detailed above give a net increase of £3.8 million, **which must be offset by a reduction of £7.9 million to give the overall revenue DEL reduction of £4.1 million.** From the action tables it can be seen that there are a number of other revenue movements within the MEG, however no detail of these is provided.<sup>69</sup>

### ***Capital DEL***

In comparison with previous indicative plans, capital DEL for 2014-15 has increased by £3.5 million, or 14.7%. This is entirely due to an allocation of £3.5 million for the eProcurement Services Programme. This goes into the Capital action in the Central Running Costs SPA.<sup>70</sup>

### ***AME***

In comparison with previous indicative plans, AME for 2014-15 has reduced by £0.01 million, or 3.8%. This relates to provisions for early retirement in the Central Running Costs SPA.

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<sup>69</sup> Welsh Government, [Draft Budget 2014-15 Action Tables](#), October 2013 [accessed 22 October 2013]

<sup>70</sup> Welsh Government, [Draft Budget 2014-15 Narrative](#), (Chapter 4) October 2013 [accessed 22 October 2013]

Table 27: Changes to CSA MEG since indicative plans in Supplementary Budget 2013-14

Spending Programme Area (SPA)	2014-15 indicative at Supplementary Budget 2013-14	2014-15 Draft Budget	Change Supplementary Budget 2013-14 indicative 2014-15 to Draft Budget	
	£000	£000	£000	per cent
<b>REVENUE DEL</b>				
Delegated Running Costs	195,372	201,358	5,986	3.1
Central Running Costs	88,635	74,930	-13,705	-15.5
Information & Support Services	12,608	12,665	57	0.5
Central Programmes	26,332	29,845	3,513	13.3
WEFO	1,522	1,522	0	0.0
<b>TOTAL REVENUE</b>	<b>324,469</b>	<b>320,320</b>	<b>-4,149</b>	<b>-1.3</b>
<b>CAPITAL DEL</b>				
Central Running Costs	9,935	13,435	3,500	35.2
Central Programmes	13,878	13,878	0	0.0
<b>TOTAL CAPITAL</b>	<b>23,813</b>	<b>27,313</b>	<b>3,500</b>	<b>14.7</b>
<b>AME</b>				
Central Running Costs	2,152	2,070	-82	-3.8
<b>TOTAL AME</b>	<b>2,152</b>	<b>2,070</b>	<b>-82</b>	<b>-3.8</b>
Revenue DEL	324,469	320,320	-4,149	-1.3
Capital DEL	23,813	27,313	3,500	14.7
<b>TOTAL DEL</b>	<b>348,282</b>	<b>347,633</b>	<b>-649</b>	<b>-0.2</b>
Annually Managed Expenditure	2,152	2,070	-82	-3.8
<b>TOTAL Central Services and Administration</b>	<b>350,434</b>	<b>349,703</b>	<b>-731</b>	<b>-0.2</b>

Source: Research Service calculations from Welsh Government Draft Budget 2014-15



## 11.2. Year-on-year changes

**Table 28** provides information on the allocations proposed within the CSA MEG at SPA level, showing the year on year changes in 2014-15 and the cumulative changes over the budget period in both cash and real terms.

### **Total DEL**

- increases by £5.0 million or 1.4% (0.4% real terms decrease) in 2014-15 as compared with 2013-14.
- decreases by £14.4 million, or 4.2% (7.7% real terms decrease) over the budget period (2013-14 to 2015-16).

### **Revenue DEL**

- increases by £1.5 million or 0.5% (1.4 real terms reduction) in 2014-15 as compared with 2013-14.
- decreases by £2.1 million, or 0.6% (4.2% real terms reduction) over the budget period (2013-14 to 2015-16).

The greatest increase in revenue DEL in 2014-15 (in both monetary and percentage terms) is in the Central Programmes SPA, which sees an increase of £10 million, or 50.7%. In real terms this equates to a 47.9% increase.

The greatest decrease in revenue DEL in 2014-15 (in both monetary and percentage terms) is in the Central Running Costs SPA, which sees a decrease of £13.4 million, or 15.2%. In real terms this equates to a 16.7% reduction.

### **Capital DEL**

- increases by £3.5 million or 14.7% (12.6% real terms increase) in 2014-15 as compared with 2013-14.
- decreases by £12.4 million, or 52.0% (53.7% real terms increase) over the budget period (2013-14 to 2015-16).

The only change in capital DEL in 2014-15 is in the Central Running Costs SPA, which sees an increase of £3.5 million, or 35.2%. In real terms this equates to a 32.7% increase.

### **AME**

- increases by £0.5 million, or 33.5% (31.0% real terms increase) in 2014-15 as compared with 2013-14.
- Increases by £0.9 million, or 60.3% (54.6% real terms increase) over the budget period (2013-14 to 2015-16).

**Table 28: Year-on-year changes to CSA MEG**

Spending Programme Area (SPA)	2013-14 Supplementary Budget	2014-15 Draft Budget	2015-16 indicative Draft Budget	Change 2013-14 to 2014-15		Change 2014-15 to 2015-16		Overall change 2013-14 to 2015-16		Real terms change 2013-14 to 2014-15		Real terms change 2014-15 to 2015-16		Real terms overall change 2013-14 to 2015-16	
	£000	£000	£000	£000	per cent	£000	per cent	£000	per cent	£000	per cent	£000	per cent	£000	per cent
<b>REVENUE DEL</b>															
Delegated Running Costs	195,433	201,358	201,318	5,925	3.0	-40	-0.0	5,885	3.0	2,171	1.1	-3,600	-1.8	-1,362	-0.7
Central Running Costs	88,316	74,930	72,815	-13,386	-15.2	-2,115	-2.8	-15,501	-17.6	-14,783	-16.7	-3,402	-4.5	-18,122	-20.5
Information & Support Services	13,785	12,665	12,529	-1,120	-8.1	-136	-1.1	-1,256	-9.1	-1,356	-9.8	-358	-2.8	-1,707	-12.4
Central Programmes	19,803	29,845	28,607	10,042	50.7	-1,238	-4.1	8,804	44.5	9,486	47.9	-1,744	-5.8	7,774	39.3
WEFO	1,522	1,522	1,522	0	0.0	0	0.0	0	0.0	-28	-1.9	-27	-1.8	-55	-3.6
<b>TOTAL REVENUE</b>	<b>318,859</b>	<b>320,320</b>	<b>316,791</b>	<b>1,461</b>	<b>0.5</b>	<b>-3,529</b>	<b>-1.1</b>	<b>-2,068</b>	<b>-0.6</b>	<b>-4,512</b>	<b>-1.4</b>	<b>-9,130</b>	<b>-2.9</b>	<b>-13,472</b>	<b>-4.2</b>
<b>CAPITAL DEL</b>															
Central Running Costs	9,935	13,435	11,435	3,500	35.2	-2,000	-14.9	1,500	15.1	3,249	32.7	-2,202	-16.4	1,088	11.0
Central Programmes	13,878	13,878	0	0	0.0	-13,878	-100.0	-13,878	-100.0	-259	-1.9	-13,878	-100.0	-13,878	-100.0
<b>TOTAL CAPITAL</b>	<b>23,813</b>	<b>27,313</b>	<b>11,435</b>	<b>3,500</b>	<b>14.7</b>	<b>-15,878</b>	<b>-58.1</b>	<b>-12,378</b>	<b>-52.0</b>	<b>2,991</b>	<b>12.6</b>	<b>-16,080</b>	<b>-58.9</b>	<b>-12,790</b>	<b>-53.7</b>
<b>AME</b>															
Central Running Costs	1,551	2,070	2,487	519	33.5	417	20.1	936	60.3	480	31.0	373	18.0	846	54.6
<b>TOTAL AME</b>	<b>1,551</b>	<b>2,070</b>	<b>2,487</b>	<b>519</b>	<b>33.5</b>	<b>417</b>	<b>20.1</b>	<b>936</b>	<b>60.3</b>	<b>480</b>	<b>31.0</b>	<b>373</b>	<b>18.0</b>	<b>846</b>	<b>54.6</b>
Revenue DEL	318,859	320,320	316,791	1,461	0.5	-3,529	-1.1	-2,068	-0.6	-4,512	-1.4	-9,130	-2.9	-13,472	-4.2
Capital DEL	23,813	27,313	11,435	3,500	14.7	-15,878	-58.1	-12,378	-52.0	2,991	12.6	-16,080	-58.9	-12,790	-53.7
<b>TOTAL DEL</b>	<b>342,672</b>	<b>347,633</b>	<b>328,226</b>	<b>4,961</b>	<b>1.4</b>	<b>-19,407</b>	<b>-5.6</b>	<b>-14,446</b>	<b>-4.2</b>	<b>-1,521</b>	<b>-0.4</b>	<b>-25,211</b>	<b>-7.3</b>	<b>-26,261</b>	<b>-7.7</b>
Annually Managed Expenditure	1,551	2,070	2,487	519	33.5	417	20.1	936	60.3	480	31.0	373	18.0	846	54.6
<b>TOTAL Central Services and Administration</b>	<b>344,223</b>	<b>349,703</b>	<b>330,713</b>	<b>5,480</b>	<b>1.6</b>	<b>-18,990</b>	<b>-5.4</b>	<b>-13,510</b>	<b>-3.9</b>	<b>-1,040</b>	<b>-0.3</b>	<b>-24,838</b>	<b>-7.1</b>	<b>-25,415</b>	<b>-7.4</b>

Source: Research Service calculations from Welsh Government Draft Budget 2014