



Llywodraeth Cynulliad Cymru
Welsh Assembly Government

WRITTEN STATEMENT BY THE WELSH ASSEMBLY GOVERNMENT

Title: Final Budget 2011 - 2012

Date: 1 February 2011

By: Jane Hutt, Minister for Business and Budget

I have today tabled in the National Assembly the Annual Budget for 2011-12, which offers a resolved, resilient and responsible response to the challenge of a difficult settlement.

We took a distinctive Welsh approach in developing our Budget proposals and have worked collaboratively with a wide range of partners to ensure that our spending plans reflect Welsh needs, Welsh circumstances and Welsh priorities. This engagement has stood us in good stead and our proposals are set against the clearly stated priorities of Welsh citizens - to protect health, schools, social services, skills and the universal benefits, and to support the economic recovery.

There has been extensive scrutiny of our proposals since they were published in November. The evidence and feedback we have had since then serves to confirm that we have made the right choices and decisions for the people of Wales and the economy. With the endorsement of our proposals by a wide

range of stakeholders we have kept changes between Draft and Final Budget to a minimum.

These changes include an additional £56.77 million over and above the proposals we published in November. Last June, when the UK Government imposed revenue reductions of £113.5 million and capital reductions of £49 million on the Welsh budget, we said that we thought that this was too much, too soon – a view that has been vindicated by the economic growth figures released last week. Nevertheless, we said that we would be a responsible partner in helping to bring down the deficit.

I announced in July that we would find the full capital reductions imposed on us in 2010-11 by using EYF stocks. At the same time, I made it clear that we would find as much of the revenue reduction as we could this year, without placing a damaging pressure on services. Our budget settlement in the Spending Review assumed that we would find 50% of the revenue savings this year.

In fact, we have now been able to find the full £113.5 million revenue reductions this year. We have achieved this without cutting services, but through careful financial management. By finding the full revenue reductions this year, we will have an additional £56.77 million in 2011-12 when compared with the position assumed at Draft Budget. This gives us greater flexibility going forward and the opportunity to mitigate partly the very large reduction in our capital budget. We have taken the decision to use the additional £56.77 million freed up by our careful in-year management to reduce the impact on capital budgets in 2011-12.

We also know that our non-cash resources are facing increasing pressure going forward. In specific recognition of this, we recently undertook a review of non-cash budgets and forecast expenditure over the next three years. At the Draft Budget, non-cash budgets were held at 2010-11 levels pending the outcome of this review. In response to the specific pressures highlighted in the review, there have been some changes to non-cash budgets since the

Draft Budget. Although these changes do not affect our spending power, they allow us to realign our budgets to ensure that Departments have the necessary resources to support their programmes.

Other changes to Departmental budgets are limited and include adjustments to reflect and better deliver our priorities.

We have also assessed the equality impact of our decisions throughout the process in order to ensure that our spending plans maximise the opportunities to meet the needs of people and communities most likely to be adversely affected by the UK Government's Spending Review.

We will be publishing next week a full equality impact assessment document in relation to our spending plans. However, the process of considering equality issues does not stop with publication of the Final Budget. We will be doing further work, where appropriate, to have due regard to any equality impacts in detailed spending and delivery issues within the allocations published in the Final Budget.

We have responded to the current financial climate with an efficiency and innovation programme and we will continue to drive this agenda forward with our partners across the public sector, our trade unions and beyond. The Efficiency and Innovation Programme will continue to identify innovative approaches to delivering public services and more efficient ways of working. We will publish further information next week on the development of the measurement framework showing the progress being made on the savings that can be made as a result of the efficiency and innovation agenda.

To support the transition to more efficient and innovative forms of service delivery, we have also provided for transitional support funding as part of our Reserves. The first initiative the fund will support is an enhanced career transition service for people leaving employment in the public sector. This service is being developed as part of the Efficiency and Innovation Programme and builds on the successful ReAct scheme which has helped

thousands of people affected by the recession to acquire qualifications and improve their chances in the labour market.

We know that the work does not end here and that the real challenge is how we take these reduced budgets and continue to deliver the high standards that the people of Wales have the right to expect. That cannot be achieved through business as usual and all of us have a role in working together to determine how we can respond to the challenge ahead.

This Budget shows how, as a responsible Government, we are taking the lead in supporting our public services and the economic renewal of Wales.