

Paper 1
Communities, Equality and Local Government Committee

Date: 10 October 2012

Time: 09.30am to 11.00am

Title: Evidence paper - Local Government and Communities, Draft Budget Allocations for 2013-14.

1. Introduction

This paper provides comments and information to the Committee regarding Local Government and Communities' future programme budget proposals outlined within the Draft Budget which was laid on 2 October 2012. It covers those areas included in the remit of the Communities, Equality and Local Government Committee, namely communities and local government.

2. Background

Compared to indicative plans for 2013-14 published in the Final Budget 2012-13 the total MEG allocation for Local Government and Communities (LGC) has increased by £20.8m in 2013-14 and £50.4m in 2014-15. These changes are mainly due to transfers in to Revenue Support Grant and additional funding for capital projects offset by the transfer of Substance Misuse policy and associated team to Health and Social Services. [By 2014-15, the Welsh Budget will be £2.1bn lower in real terms than at its peak in 2009-10 and around the same level as in 2005-06..](#)

The following summary financial table shows the overall effect on the LGC Departmental Expenditure Limit (DEL) baseline budget. This does not include Annually Managed Expenditure (AME) which is outside the Welsh Assembly Government's Departmental Expenditure Limit. The table also shows the £000 change from the previous budget.

Summary Financial Tables:

LGC MEG

		£000	
	2012-13 *	2013-14	2014-15
Revenue DEL	4,826,288	4,899,317	4,926,458
£000 Change on Previous Plan		1,480	5,480
Capital DEL	269,351	252,519	278,219
£000 Change on Previous Plan		19,228	44,928
DEL Baseline	5,095,639	5,151,836	5,204,677

£000 Change on Previous Plan		20,708	50,408
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* As per the first Supplementary Budget 2012-13

Following portfolio changes in May 2011, the LGC MEG also contains Transport budgets. Separate evidence will be provided to the Economy and Business Committee on Transport matters. As these make up the majority of LGCs capital budget and a significant part of the revenue budget, a separate table has been provided which summarises the LGC budgets excluding Transport.

LGC MEG (excluding Transport)

	2012-13 *	2013-14	2014-15
Revenue DEL	4,382,559	4,464,907	4,491,307
£000 Change on Previous Plan		1,900	5,900
Capital DEL	38,428	33,870	33,870
£000 Change on Previous Plan		-5,072	-5,072
DEL Baseline	4,420,987	4,498,777	4,525,177
£000 Change on Previous Plan		-3,172	828

* As per the first Supplementary Budget 2012-13

3. Budget Overview

Local Government and Communities contributes to a number of aims in the Programme for Government, in particular through our cross-cutting focus on strengthening public service delivery, on tackling poverty and promoting community safety, and on improving the transport infrastructure which enables access to employment and public services, and underpins the quality of life of people in Wales.

Our departmental programmes support reforms to ensure effective, efficient and accessible public services that meet people's needs. We are tackling anti-social behaviour, crime (including the fear of crime) and working to reduce the incidence and impact of fires and other emergencies. We will seek to improve people's lives by working to reduce poverty, reduce the likelihood that people will become poor, and to help people and communities out of persistent poverty.

The additional resource funding is in respect of net transfers to the Revenue Support Grant (£29.4m), offset by the First Minister's decision to transfer the responsibilities and associated budget on Substance Misuse (£27.5m) to the Health and Social Services portfolio.

There are transfers into the **Revenue Support Grant** totalling £31m in 2013-14 and £35m in 2014-15. The transfers in 2013-14 include the following:

- £8m for the Local Government Borrowing Initiative from Central Reserves (£12m from 2014-15);
- £21.8m from Education and Skills MEG for the Free School Breakfast Initiative, Appetite for Life and School Counselling;
- £0.4m from the Bus Support and Local Transport Action within LGC for the Blue Badge scheme; and,
- £0.7m from Health and Social Services MEG to comply with primary legislation with regards health assessments.

These are offset by a recurrent transfer out of £1.6m to the Central Services and Administration MEG for the Public Sector Mapping Agreement.

Further details will be provided when the Provisional Local Government Finance Report along with the basis of distribution are published on 18 October 2012. This will set out the amount of Revenue Support Grant the Welsh Government proposes to distribute to county and county borough councils in 2013-14 and beyond along with the basis of distribution.

In terms of revisions to revenue budgets, there are no material changes for Communities and Local Government areas of LGC. Notwithstanding the reductions of £5.1m capital relating to the Substance Misuse portfolio transfer, capital budgets remain constrained with less funding available for areas such as Community Development and Domestic Abuse compared with 2010-11 as a result of UK Government reductions.

Some structural changes to the Local Government and Communities MEG have been made as part of this budget to facilitate alignment with the departmental business plan, and the bringing together of budgets which focus on local government and public services.

4. Five for a Fairer Future

The general police funding settlement for Wales has followed Home Office spending plans for the current spending review period with the funding being distributed across all police authorities in England and Wales using the same formula. The Home Office spending plans incorporate year-on-year reductions in provision but it has provided floor funding to ensure that no police authority receives a cut of more than a given threshold. For 2012-13, this floor funding ensures that no police authority is taking a cut in resources of more than 6.7%. The overall effect of this is that every police authority in England and Wales has had the same level of reduction in central funding for 2012-13.

However, in addition to the general revenue provision, the Welsh Government funds a range of community safety activities including a number of grants which support police activities, both as individual bodies and in partnership with others. In particular, we are on course to deliver one of the **Five for a Fairer Future**

pledges made by the Welsh Government with a budget of £16.8m available in 2013-14 for an additional **500 Community Support Officers (CSOs)** in Wales. Over 300 CSOs were deployed or in training by 1st September. This is well ahead of schedule and will result in benefits being delivered to communities across Wales at a much earlier stage. These officers will be highly visible in their communities, engaging with people, providing reassurance and tackling anti-social behaviour. They will play a pivotal role not only in making our communities safer, but in making them feel safer. The Police Forces' recruitment plans indicate that through the recruitment of some part time officers, they will deliver an additional 45 CSOs. This means that 545 CSOs will be in place as a result of this pledge by September 2013.

5. Programme for Government

Safer Communities for All

As part of the Programme for Government, we will continue to support actions which contribute to making our communities safer for all with £16.7m of revenue and £2.6m of capital funding in 2013-14. Our funding through the “**Right to be Safe**” Strategy and the **10,000 Safer Lives** project demonstrates our commitment to improve and join up multi agency services to help victims of domestic abuse and violence against women and reduce incidents and numbers of repeat victims. We will continue to fund Community Safety Partnerships in Wales on a range of interventions and projects aimed at diverting young people away from crime and anti-social behaviour. Finally, our **Fire and Rescue National Framework** sets out the key strategic direction for Fire and Rescue Authorities in future years.

Tackling Poverty

Our Commitment to social justice and equality of opportunity makes it essential in the current climate that we continue to drive forward **tackling poverty** by prioritising the needs of the poorest and protecting those most at risk of poverty and exclusion. As part of this, the Government will continue to support our most deprived areas through the next phase of the **Communities First Programme** with a budget of £40.3m. Since April 2012, Communities First has been re-focused to underpin the Welsh Government's **tackling poverty** agenda – by supporting the most disadvantaged people in our most deprived areas with the aim of alleviating persistent poverty. Communities First is working alongside other programmes to narrow the education, skills, economic and health gaps between the most deprived and more affluent areas of Wales, and to help individuals into employment.. Grant funding for the programme will be allocated to Communities First Clusters and a Communities First Outcomes Framework will provide the structure for evidencing achievements using a “results based accountability” approach. Support is ongoing with communities to implement the

new process and develop focused local delivery plans with clear performance measures – demonstrating the contribution of the programme to the wider tackling poverty agenda. Taking a ‘results based accountability’ approach to our policy and programmes in this way is designed to ensure that there is a real focus on improving outcomes and measuring the contribution of such programmes through the delivery chain.

Other key initiatives include the **Financial Inclusion Strategy** with funding of £3.2m in 2013-14 which will support services to those who are financially excluded across Wales and the continuation and expansion of Credit Unions which provide services to those excluded from mainstream providers. We have also initiated a Review of Advice Services, particularly important given the impact of the UK Government’s welfare reform programme on our most vulnerable people. We will also be putting in place arrangements to replace Council Tax Benefit and the Social Fund which will involve a transfer of additional resources to the Welsh Government. We will utilise the full extent of that money to support our own schemes from April 2014.

Public Services in Wales

The Government will support action to improve the delivery of **effective and efficient public services** that meet the needs of people in Wales by strengthening local democracy and continuing to ensure funding settlements for local government that support local delivery. There will be funding incentives for service improvement through our regime of **Outcome Agreements**. Our new approach to planning and partnership arrangements means that public services partners will be able to work together much more effectively to identify and respond to the strategic needs of their local areas. This substantial simplification and reduction in bureaucracy means one plan instead of four - an overall reduction from 88 to 22 plans by April 2013. This should enable local authorities and their partners to reduce the number of unnecessary partnerships by at least a half, which will mean real and substantial savings in time and administration.

Our simplification agenda is at the heart of creating the right environment for more efficient and effective government and public service delivery and we will continue to remove unnecessary bureaucracy wherever we can – our Byelaws Bill is an example where we can use legislation to reduce burdens on partners. Our Public Service Leadership Group will continue to drive forward reform and the refreshed Partnership Council will provide strong governance for collaborative action to maximise efficiency and effectiveness locally, regionally and nationally.

The Government’s common footprint for public services, builds on the Local Health Board and police boundaries. Standardising collaboration on common boundaries will enable and support joint working across local government, health and police services reducing complexity and providing a clear framework for

collaborative working. This is particularly important with the move to implement the Simpson review and the other major reforms underway in education and social services.

6. Legislative Programme

During 2011/12 (the first year of the Legislative Programme) we introduced two Assembly Bills - **Local Government Byelaws (Wales) Bill** and the **Public Audit (Wales) Bill**. During the second year (2012/13) we will introduce a further two Bills - **Active Travel (Wales) Bill** and the **Local Government Democracy (Wales) Bill** which will make reforms to the structure, operation and functions of the Local Government Boundary Commission for Wales. Estimated costs will be minimal and will be met from within current budgets.

A Green Paper on the **possibility of a Youth Offending Bill** has been published and a White Paper for a **Bill to tackle violence against women and domestic violence** is also in hand to publish before the end of 2012

7. Collaboration

The Government works closely with its key delivery partners to deliver the aims set out in the Programme for Government.

Collaboration is not an end in itself, but it can be a powerful approach for improving services and / or realising efficiencies. For example, through our collaborative procurement work we have made efficiencies across all public services of £45m in the latest year.

We work closely with local authorities and various partners to strengthen the delivery of efficient, effective and accessible public services. Public bodies we sponsor include the Local Government Boundary Commission Wales with funding of around £520k in 2013-14, and the Valuation Office Agency in Wales and the Valuation Tribunal for Wales with a total of £10m. We are responsible for funding a number of Inspectorates with budgets of £14.5m for Care and Social Services Inspectorate Wales, £2.6m for Health Inspectorate Wales and £12.4m for Estyn.

The current Third Sector Partnership Agreement, which will be subject to re-negotiation ahead of the financial year 2013-14, sets out the basis for Welsh Government funding for organisations such as the County Voluntary Councils (CVC's) and Volunteer Centres. Funding from the Third Sector budget totals £8.6m in 2013-14. Other grant schemes such as the Community Facilities and Activities Programme, which has a capital budget of just under £11m in 2013-14, will continue to provide funding to support community organisations.

8. Equality Impact Assessment

In determining budget allocations, careful consideration has been given to the impact of any changes on equalities. While the underlying assumptions of this year's allocations are unaltered from previous year's plans, there are some areas where the impact of the significant reductions imposed by the UK Government as part of the last Comprehensive Spending Review are leading to difficult decisions in terms of budget allocations. In such cases, detailed Equality Impact Assessments are being undertaken because of the potential socio-economic impact and the outcome for people with protected characteristics.

While not reflected in this year's Draft Budget, we are also working through the impact of the UK Government's welfare reform agenda on Wales, specifically its plans to abolish both **Council Tax Benefit** and the discretionary **Social Fund** on 31 March 2013 and to localise support as part of its wider reforms of the benefits system. This has presented the Welsh Government with an enormous challenge requiring us to develop and implement new schemes in conjunction with our partners which provide crucial support for some of the most vulnerable members of our society. The decision on the level of funding to be transferred is for the UK Government and we await confirmation on the exact amounts. However, any reduction in funding is likely to have a negative impact on everyone applying to the new schemes from April 2013, including those with protected characteristics. We are undertaking Equality Impact Assessments as work progresses on successor schemes and the options become clearer. The challenge however is significant.

The Committee has previously been interested in **Local Authority Equal Pay settlements**. There are two distinct elements to the equal pay issue which need to be addressed before it can be considered that a satisfactory resolution has been reached. There is the matter of historic back pay compensation claims that have been lodged under the Equal Pay Act 1970 and the completion of implementing single status following job evaluation of pay and grading structures. A summary of the current position for local authorities is as follows:

Equal pay compensation payments

- 15 – Settled (9 have residual claims outstanding)
- 4 – Negotiations ongoing
- 3 – Defending

Single Status

- 13 - Implemented
- 9 - Aiming for implementation in 2012-13

The Welsh Government included £54 million funding into the RSG over the period 2005-6 to 2007-08 to assist local authorities implement single status. This has been built into local authority baselines. Assistance for local authorities who

are settling compensation claims can be provided via a “Capitalisation Direction”. A capitalisation direction allows an authority to borrow or use capital receipts to fund what is a revenue cost. To date £60.5m of capitalisation directions have been granted to 7 authorities in Wales.

9. Sustainable Development

Our policy action and funding fully supports the Welsh Government’s sustainable development agenda. This wide ranging agenda promotes action to invest for the long term; focus on prevention; protection of services and re-distribution of resources; promoting integration as well as supporting the environment.

Some examples of the action we are taking within the Local Government and Communities portfolio to contribute to achieving our sustainable development principles include **Communities First**, a long term investment focussed on tackling deep seated inter-generational issues and our **Tackling Poverty Action Plan** which sets out the actions being taken across the Welsh Government to tackle poverty. Prevention features strongly as part of our youth offending strategy, fire service framework and the ‘Five for a Fairer Future’ commitment to fund 500 Community Support Officers

In addition, we are promoting integration through our delivery of the public service reform programme: embedding the **Collaborative Footprint for Public Services and integrated planning**. Our commitment to support the environment is evidenced through our **Sustainable Travel** agenda incorporating Smarter Choices; Travel planning and provision of personalised travel information; and the development of a series of strategic modal interchanges.

Carl Sargeant AM
Minister for Local Government and Communities