

Communities, Equality and Local Government Committee

CELG(4)-05-11 : Paper 2

Evidence paper on the Draft Budget: Minister for Housing, Regeneration and Heritage

Introduction

1. This paper provides background financial information to the Committee regarding the spending plans of the Housing and Heritage parts of the Minister's portfolio, as outlined within the Draft Budget.
2. Annex A gives a breakdown of the Draft Budget, by Action, and by BEL within each Action. This also includes the draft budgets for the Regeneration part of the portfolio, which falls within the remit of the Enterprise and Business Committee.

Background and Summary

3. The draft budget figures for the areas coming within the remit of this Committee may be summarised as follows:

Spending Programme Area	Baseline 2011-12 £'000	Draft Budget 2012-13 £'000	Indicative Plans 2013-14 £'000	Indicative Plans 2014-15 £'000
Revenue:				
Museums, archives and libraries	38,191	37,436	37,445	37,445
Arts	39,428	38,782	39,569	39,569
Sports and physical activity	25,437	24,923	24,853	24,899
The historic environment	11,712	11,658	11,541	11,541
Total Heritage	114,768	112,799	113,408	113,454
Housing	154,765	151,147	151,792	151,792
TOTAL REVENUE	269,533	263,946	265,200	265,246
Capital:				
Museums, archives and libraries	5,673	4,973	4,043	4,043
Arts	485	480	475	475
Sports and physical activity	345	345	345	345
The historic environment	5,500	5,313	5,031	5,031
Total Heritage	12,003	11,111	9,894	9,894
Housing	249,392	231,970	206,782	206,782
TOTAL CAPITAL	261,395	243,081	216,676	216,676
TOTAL DEL BUDGET*	530,928	507,027	481,876	481,922

* These figures do not include Annually Managed Expenditure budgets. Details are provided below.

4. The budget process for this year has been 'light touch'. Compared to the indicative plans published in last year's Final Budget (as restated for the portfolio changes), the total allocation for Housing and Heritage has increased by £0.353m in 2012-13 and £0.621m in 2013-14. The indicative plan for 2014-15, which is published for the first time, includes an additional £0.046m above the 2013-14 figure.
5. The additional budgets relate to:
 - Additional allocations to Cadw's running costs of £0.353m in 2012-13, rising to £0.621m in 2014-15, in recognition of its role in delivering front line services which benefit wider tourism, education and sustainable development; and
 - An additional amount of £0.046m in 2014-15 for the Free Swimming commitment.

Programme of Government

6. The Department has a wide ranging remit, with responsibility for developing and delivering policies on housing, regeneration, the arts, culture, sport and active recreation, museums, archives and libraries, and the historic environment.
7. The department has a number of main aims reflected across the Programme for Government, and this budget shows how we will deliver in 2012-13 and beyond. We will ensure that people have high-quality, warm and secure homes to live in. Although the impact of our interventions in this area are likely to be felt over the longer-term as we make changes to planning legislation and expand our stock of social housing. In the shorter term, however, economic influences such as UK fiscal and monetary policy will have a profound impact on our overall success.
8. We will continue to support the culture and heritage of Wales to provide a better foundation for life through vibrant places, culture, sport and media.

Housing

9. Our national housing strategy *Improving Lives and Communities – Homes in Wales*, which was published last year, set out our strategic priorities for housing: increasing the supply of housing; improving its quality; and improving housing-related services – particularly for those who are vulnerable or homeless.

Increasing the supply of housing

10. We are seeking to address the supply-side issues to meet demand and increase the numbers of affordable homes which will also assist in addressing homelessness. We are investing a total of £57m (£55m capital

and £2m revenue) in the Social Housing Grant Programme in 2011-12. This figure reduces to some £46m in future years. However, it is important to bear in mind the growth in this programme in recent years, as well as additional funding of £62m which was made available from the Strategic Capital Investment Fund.

11. In addition, and in response to the reduction in capital budgets, we are further exploring new innovative ways of increasing supply with such products as “First Rent” – houses with an intermediate rent which require a lower level of social housing grant to develop; and the recently launched Welsh Housing Partnership – a partnership with housing associations who are investing equity.

Quality of housing

12. Ensuring people have a home that meets their needs – warm, affordable, secure, in good condition and with non detrimental impact on the environment is a key priority for the Welsh Government. A home is a vital part of people’s lives. It affects health and well-being, quality of life, and the whole life chances of individuals and families. That is why I am continuing to protect the Major Repairs Allowance, at £108m per annum - a budget which funds major repairs for local authority housing, and dowry payments for former local authority housing that has transferred to new stock transfer landlords. Both of these funding streams help to achieve the Welsh Housing Quality Standard (WHQS), the broad objective of which is to ensure that the social housing stock in Wales is fit for the 21st Century.

Housing-related services

13. We are also continuing to invest over £130m a year in delivering housing related support to vulnerable people through the Supporting People Programme. This is a priority if we are going to combat the impact of the welfare reforms and economic downturn. The programme is supporting 50,000 people per year and provides good value for each Welsh pound we spend. We are also committed to preventing homelessness, one of the extreme examples of deprivation.
14. Enabling people to live independently in their own homes for as long as possible is also a priority for the Welsh Government and that is why we have protected our investment in the Rapid Response Adaptations Programme. This programme also helps to reduce the demand on the NHS and social services by enabling people to leave hospital or residential care as soon as they are able to.
15. Within the Housing budgets, there is a budget line for local authority general capital funding, amounting to £47.2m in 2012-13. This funding is unhypothecated, and as such, once it is distributed to the local authorities as part of the local government settlement, we are not able to direct its spend.

Heritage

16. Providing a better foundation for life through vibrant places, culture, sport and media is a key priority for the Welsh Government. We will continue to provide financial support for delivery by the Arts Council for Wales, Amgueddfa Cymru – National Museum Wales, the National Library of Wales, Sport Wales and Cadw.
17. We recognise the vital importance of the arts to Wales and the contribution it can make to the quality of people's lives. That is why we are continuing to afford arts funding a level of protection in this Budget. We will also continue to provide financial support to the National Botanic Garden of Wales.
18. Our support for Amgueddfa Cymru – National Museum of Wales and the National Library of Wales will enable us to retain our policy of free entry to our national museum sites. We will also continue to provide financial support and strategic leadership to local museums, archives and libraries via CyMAL recognising the significant contribution these services make to local communities in terms of access to information and cultural heritage, and their role in supporting tourism in Wales.
19. Cadw is the Welsh Government's historic environment service. Cadw is charged with conserving this heritage, which includes World Heritage Sites, listed buildings and scheduled monuments. Cadw also works to sustain the distinctive character of our towns and landscape and helps people understand and care about their place and history. We recognise the importance in economic and social terms of this contribution and are committed to their ongoing programme of work.
20. In addition, we are committed to the delivery of the £19m Heritage Tourism Project, which will improve the fabric and visitor experience at many of our monuments. The project is largely funded by the Welsh Government and from EU Convergence Funds, and will help maximise the economic value of heritage by increasing the number, length and value of visits to Wales. The project will also help open Wales's outstanding heritage to a wider audience by making it more enjoyable both for visitors and for people who live in Wales. Cadw is leading the Project having successfully bid for Convergence Funding. The project will run until December 2014 and is worth a total of £19m. Cadw's capital works programme, in part, match funds this project.
21. We also recognise the huge benefits that sport and physical activity can bring on a range of different levels, including the improved health and well-being of individuals. In support of this, we are committed to retaining our free swimming commitment, and have provided additional funding of £46k in 2014-15 to maintain provision.

Annually Managed Expenditure

22. Annually Managed Expenditure budgets comprise:

- Provision for any pension charges which may be necessary in respect of the pension schemes of the National Museums of Wales

and the National Library of Wales. The total for 2012-13 is £2.490m. This is a non cash budget; and

- A credit amount - of £61m in 2012-13 – representing the amount, calculated on a formula basis, which Welsh Local Authorities have to repay to the Treasury in respect of the Housing Revenue Account Subsidy (HRAS) system. In England, Local Authorities have bought themselves out of the system, and we are currently exploring the option of doing so in Wales.