

National Assembly for Wales

Draft Budget 2009 Research Paper

November 2009

This paper provides information on the Welsh Assembly Government's Draft Budget 2009, which details spending plans for 2010-11.

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National Assembly for Wales

**Draft Budget 2009
Research Paper**

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Outline of paper

This paper provides an overview of the proposals contained within the Welsh Government's Draft Budget 2010-11, as laid before the National Assembly for Wales on 5 October 2009.

Section 1 sets the draft budget in the context of the current economic climate and discusses the potential impact of inflation.

Section 2 considers the restructuring of the Welsh Government's budgets as part of their new planning and reporting system.

Section 3 provides an overview of the resources available in the Welsh block for 2010-11.

Section 4 provides an overview of the Welsh Government's departmental allocations. Revenue and capital allocations are considered separately, as well as the capital reprofiling from 2010-11 into earlier years.

Section 5 deals with efficiency savings and the impact of UK fiscal decisions.

Section 6 provides details of allocations made to projects under the Strategic Capital Investment Framework (SCIF).

Annexes A to I each present headline figures and a summary of the main changes proposed for each main expenditure group.

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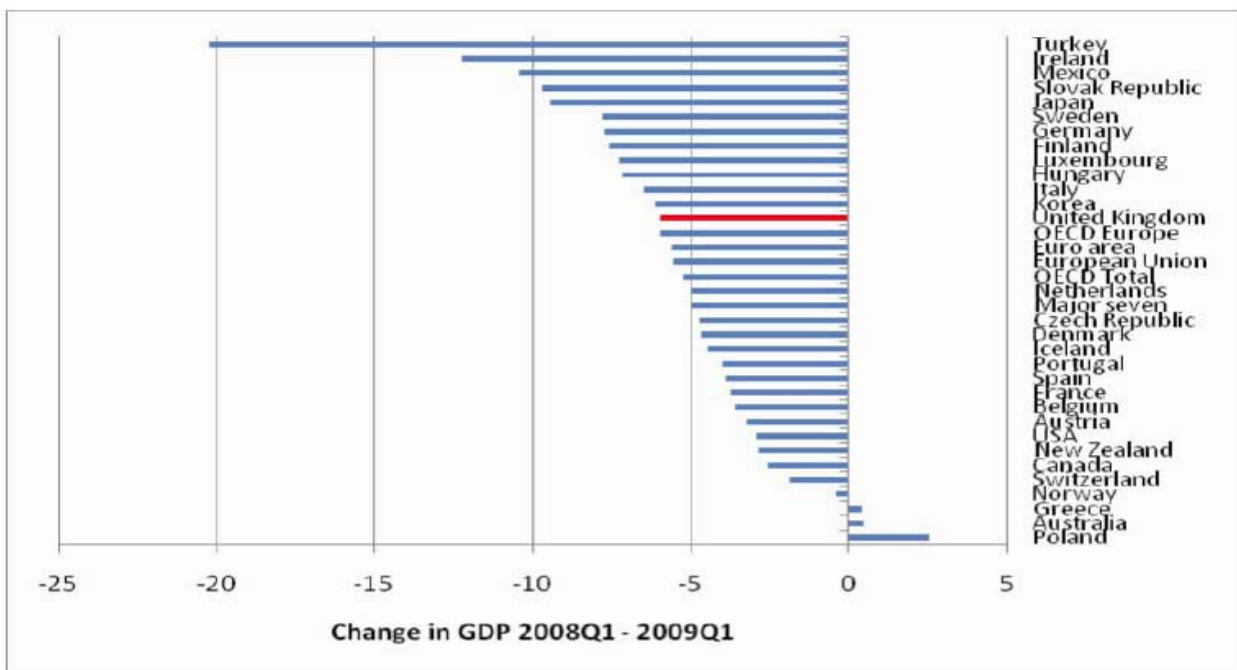
1. The impact of recession on public sector finances

The Welsh Government's Draft Budget 2010-11 was laid on 5 October 2009.¹ This budget sets plans for **2010-11 only**, and does not provide indicative figures for future years. This is because 2010-11 is the final year covered by the 2007 Comprehensive Spending Review (CSR) and so is the only year for which there is a firm allocation.

Since the 2009-10 draft budget was published, the outlook for most economies has undergone a dramatic change. For the UK, including Wales, this will have a major impact on public spending for the foreseeable future. The 2010-11 financial year is likely to be a turning point. The investment in the public sector over the last decade is now likely to face a significantly reduced rate of growth.

The UK suffered a substantial fall in output during 2008 and 2009 and has experienced almost the worst deterioration in its public sector finances of all the OECD countries, as demonstrated in figure 1. This is generally because the recession has impacted upon the parts of the economy which generate a high proportion of tax revenue. Public spending has also increased, and in some areas, will continue to do so in order to deal with the consequences of the recession; for example, social security benefits.

Figure 1: Change in GDP 2008 Quarter 1 to 2009 Quarter 1



Source: OECD

¹ The budget documents can be accessed via the Welsh Government website: [Draft Budget October 2009](#) [on 11 November 2009]

At the time of the 2009 UK Budget,² HM Treasury estimated that the structural fall in UK potential output (ie the long term ability of the UK to produce goods and services) at 5 per cent. This will affect the future ability to raise taxes. This structural deficit and the amount needed to rescue the banking sector has had a significant impact on UK Government borrowing, which is estimated to rise from £90 billion in 2008-09 (up from £34.6 billion in 2007-08) to a net £175 billion in 2009-10 and £173 billion in 2010-11. The size of the fiscal deficit, in turn, could result in much higher interest charges, thus placing a further burden on the public finances in future years.

Generally, the third year of a spending review would see few changes from the previous years plans. However, the current economic climate has led both the Welsh and UK Governments to re-evaluate their plans for the financial year 2010-11. Consequently, the indicative plans for 2010-11 presented in Final Budget 2009-10 have altered significantly. In the Draft Budget Report 2010-11, it is stated that:

The overall budget settlement for 2010-11 is lower than the level set in the 2007 Comprehensive Spending Review, and indications are that this is the first in a series of increasingly tight budget settlements.³

Table 1 shows how the overall departmental expenditure limit (DEL)⁴ available to Wales has changed since the 2007 CSR.

Table 1: Changes to Welsh DEL from CSR 2007

	<i>£ millions</i>				
	2007 Comprehensive Spending Review (Oct 2007)	2008 Pre Budget Report (Nov 2008)	Change on CSR (%)	2009 Budget (Apr 2009)	Change on 2007 CSR (%)
Revenue DEL	14,215	14,200	-0.1	14,000	-1.5
Capital DEL	1,842	1,800	-2.3	1,700	-7.7
Total DEL	16,057	16,000	-0.4	15,700	-2.2

Source: HM Treasury, [2007 CSR](#), [2008 Budget Report](#) and [2009 Budget](#)

Thus, the DEL available to Wales for 2010-11 is **£300 million, or 2.2 per cent less than that predicted at the time of the 2007 CSR**. Of this £300 million reduction, around £200 million is revenue and £100 million is capital.

Although the 2010-11 draft budget is tight by recent standards, subsequent budgets are likely to be much more severe. However, it is difficult to predict the extent of any cutbacks in the absence of firm spending review figures from HM Treasury. The

² HM Treasury, *Budget 2009: Building Britain's Future* (April 2009) [on 11 November 2009]

³ Welsh Government, *Draft Budget Report 2010-11* October 2009 [on 11 November 2009]

⁴ **Departmental expenditure limit (DEL)** - Normally set over three years as part of the UK Government's spending review. Most of the DEL is unhypothecated and allows the Welsh Government full discretion over its spending priorities (known as 'assigned budget' items). Changes in provision for these items are determined through the Barnett formula.

Pre-Budget Report due for release on 9 December 2009 may provide further information on the UK Government's plans.

1.1. Impact of lower inflation

HM Treasury has reduced the GDP deflator forecast from 2.75 per cent for both 2009-10 and 2010-11 to 1 per cent in 2009-10 and 1.5 per cent in 2010-11. This is important in considering the overall spending power of the Welsh Government, as a reduction in inflation assumptions implies that a fixed amount of cash will buy a larger quantity of goods/services. However, a further issue is whether these deflator forecasts adequately represent the cost pressures on the public sector, which may be more influenced by wage and contractor costs.

The effect of this uncertainty is that estimating the real terms changes is very difficult. It is important to remember that whilst the reduction in the GDP deflator forecast would appear to provide greater purchasing power, it is extremely difficult to provide a picture of the actual impact.

For the purposes of this document, all figures shown in real terms have been calculated using the GDP deflator to adjust for inflation currently set at 1.5 per cent.

2. Restructuring of the Welsh Government's budget

The Welsh Government budgets are being restructured as part of a new planning and reporting system which aims to ensure that 'the link between outcomes and budgets is visible and transparent'.⁵ This restructuring means that the documentation for the Draft Budget 2010-11 is **not directly comparable** with that for the Final Budget 2009-10.

The revised structure retains the high level main expenditure group (MEG) level allocations, which are then still analysed by spending programme area (SPA), although the SPAs have been restructured in some cases. SPAs are now principally split into '**actions**' rather than budget expenditure lines (BELs). An action is a discrete area of work undertaken by a department.

There are two MEGs which have not undergone such restructuring: Health and Social Services and Central Services and Administration. It is anticipated that the structure of the Health and Social Services MEG will be reviewed once the re-organisation of the Health Service has been completed in 2010-11. There are no immediate plans to restructure Central Services and Administration MEG.

Further information on the restructuring is available in the Welsh Government's *[Explanatory Note Restatement of 2009-10 Final Budget Figures](#)*.

As part of the scrutiny process, reports from the Assembly's Committees to the Finance Committee have highlighted the problems this restructuring exercise has caused. Although the draft budget presented comparative figures for 2009-10, it was not possible to identify the previous BELs with the new actions, and therefore identify specific areas where changes were proposed. Many of the portfolio Ministers provided reconciliations of old BELs to new actions. The Enterprise and Learning Committee encountered particular problems in this regard, with 97 BELs in the Economy and Transport MEG being incorporated into 50 actions. In their report to the Finance Committee they stated that:

We take on board the Government's argument that the new planning and reporting system will be more flexible and will link budgets with 'outcomes' as opposed to inputs, but in the interests of openness and transparency, we believe the people of Wales should be able to track how and where public money is being sent. People are as interested in the detail as they are in the big picture.⁶

⁵ Welsh Government, *[Explanatory Note Restatement of 2009-10 Final Budget Figures](#)*, (October 2009) [on 11 November 2009]

⁶ *[Enterprise and Learning Committee, 2010-11 Draft Budget Proposals Report, 26 October 2009](#)* - links to all scrutiny Committee reports as submitted to Finance Committee. [on 11 November 2009]

3. Overview of the Welsh block for 2010-11

Total managed expenditure (TME) comprises departmental expenditure limits (DEL) and annually managed expenditure (AME).⁷

Schedule 6 of the Draft Budget 2010-11⁸ shows the resources made available by HM Treasury for the Welsh block, this is summarised in table 2. Thus, the total Welsh block is **£16.5 billion**.

Table 2: Resources made available by HM Treasury for the Welsh block for 2010-11

	<i>£ millions</i>		
	DEL	AME	Total
Revenue	13,993	547	14,540
Capital	1,749	174	1,923
Total	15,742	721	16,463

Source: Schedule 6 of Draft Budget 2010-11

Table 3 provides details of the TME, and demonstrates that of the £16.5 billion available in the Welsh block, £15.8 billion of this is allocated to Welsh Government portfolios. From this it can be seen that:

- The TME within the draft budget (ie including reserves, provision for the Assembly Commission, Ombudsman and Auditor General) is **£16.5 billion**, representing an overall **increase of 2.6 per cent on 2009-10**. In real terms this represents a **1.1 per cent increase**.
- In comparison with indicative figures for 2010-11 presented with the Final Budget 2009-10, this represents a **1.1 per cent reduction on predicted TME**.
- AME within the draft budget is £721.1 million, representing an **increase of 9.6 per cent on 2009-10**. In real terms, this is an **8 per cent increase**.

Table 4 provides details of the DEL, and shows that of the £15.7 billion available DEL in the Welsh block, £15.1 billion is allocated to Welsh Government departments. From this it can be seen that:

- The total DEL within the draft budget (ie including reserves, provision for the Assembly Commission, Ombudsman and Auditor General) is £15.7 billion, representing a **2.3 per cent increase on 2009-10**. In real terms this represents a **0.8 per cent increase**.

⁷ **Annually managed expenditure (AME)** - Expenditure in AME is generally less predictable and controllable than expenditure in departmental expenditure limits (DEL) and therefore is negotiated with HM Treasury on an annual basis, rather than set as multi-year limits. AME is demand led and can only be allocated to the programme for which it is assigned. Further AME can be drawn down from HM Treasury if required, while any unspent portion will be reclaimed by HM Treasury.

⁸ Welsh Government, [Draft Budget 2010-11](#), Schedule 6. [on 11 November 2009]

- In comparison with indicative figures for 2010-11 presented with the Final Budget 2009-10, this represents a **1.9 per cent reduction on predicted DEL.**

Table 3: Total managed expenditure (TME) in the Welsh block

Main Expenditure Group	2009-10 Supplementary Budget	2010-11 Indicative Plans ¹	2010-11 Draft Budget New Plans	Change 2009-10 to 10-11	Change 2009- 10 to 2010-11	Real terms ² change 2009- 10 to 2010-11	Real terms ² change 2009- 10 to 2010-11	Change indicative 2010-11 to draft 2010-11	Change indicative 2010-11 to draft 2010-11
	£000	£000	£000	£000	per cent	£000	per cent	£000	per cent
Total Welsh Government TME Allocations	15,848,412	15,986,489	15,833,089	-15,323	-0.1	-249,310	-1.6	-153,400	-1.0
Revenue Reserves	80,674	351,361	226,369	145,695	180.6	142,350	176.5	-124,992	-35.6
Capital reserves held for the Strategic Capital Investment Fund	49,509	239,130	341,521	292,012	589.8	286,965	579.6	102,391	42.8
Assembly Commission	49,701	50,588	48,973	-728	-1.5	-1,452	-2.9	-1,615	-3.2
Auditor General for Wales	5,047	5,047	5,047	0	0.0	-75	-1.5	0	0.0
Public Services Ombudsman for Wales	3,279	3,279	3,279	0	0.0	-48	-1.5	0	0.0
Direct Charges	653	675	675	22	3.4	12	1.8	0	0.0
Total Wales TME	16,037,275	16,636,569	16,458,953	421,678	2.6	178,442	1.1	-177,616	-1.1

Source: Members' Research Service calculations from Welsh Government Draft Budget 2010-11.

1. From Final Budget 2009-10.

2. Using the GDP deflator to account for inflation, forecast by HM Treasury to be 1.5 per cent for 2010-11.

Table 4: Total departmental expenditure limits (DEL) in the Welsh block

Main Expenditure Group	2009-10	2010-11	2010-11	Change	Change	Real terms ²	Real terms ²	Change	Change
	Supplementary Budget	Indicative Plans ¹	Draft Budget New Plans	2009-10 to 10-11	2009-10 to 2010-11	change 2009-10 to 2010-11	change 2009-10 to 2010-11	indicative 2010-11 to draft 2010-11	indicative 2010-11 to draft 2010-11
	£000	£000	£000	£000	per cent	£000	per cent	£000	per cent
Health and Social Services	6,064,040	6,177,960	6,094,180	30,140	0.5	-59,922	-1.0	-83,780	-1.4
Social Justice and Local Government	4,403,494	4,535,813	4,502,328	98,834	2.2	32,297	0.7	-33,485	-0.7
Economy and Transport	1,209,711	1,194,165	1,153,970	-55,741	-4.6	-72,795	-6.0	-40,195	-3.4
Children, Education, Lifelong Learning and Skills	1,942,657	1,920,014	1,875,784	-66,873	-3.4	-94,594	-4.9	-44,230	-2.3
Environment, Sustainability and Housing	800,518	777,360	717,652	-82,866	-10.4	-93,472	-11.7	-59,708	-7.7
Rural Affairs	152,371	155,990	153,136	765	0.5	-1,498	-1.0	-2,854	-1.8
Heritage	162,463	162,358	162,493	30	0.0	-2,371	-1.5	135	0.1
Public Services and Performance	59,785	60,151	55,129	-4,656	-7.8	-5,471	-9.2	-5,022	-8.3
Central Services and Administration	395,310	405,281	397,198	1,888	0.5	-3,982	-1.0	-8,083	-2.0
Total Welsh Government DEL Allocations	15,190,349	15,389,092	15,111,870	-78,479	-0.5	-301,807	-2.0	-277,222	-1.8
Revenue Reserves	80,674	351,361	226,369	145,695	180.6	142,350	176.5	-124,992	-35.6
Capital reserves held for the Strategic Capital Investment Fund	49,509	239,130	341,521	292,012	589.8	286,965	579.6	102,391	42.8
Assembly Commission	49,701	50,588	48,973	-728	-1.5	-1,452	-2.9	-1,615	-3.2
Auditor General for Wales	5,047	5,047	5,047	0	0.0	-75	-1.5	0	0.0
Public Services Ombudsman for Wales	3,279	3,279	3,279	0	0.0	-48	-1.5	0	0.0
Direct Charges	653	675	675	22	3.4	12	1.8	0	0.0
Total Wales DEL	15,379,212	16,039,172	15,737,734	358,522	2.3	125,945	0.8	-301,438	-1.9

Source: Members' Research Service calculations from Welsh Government Draft Budget 2010-11.

1. From Final Budget 2009-10.

2. Using the GDP deflator to account for inflation, forecast by HM Treasury to be 1.5 per cent for 2010-11.

4. Overview of Welsh Government departmental allocations

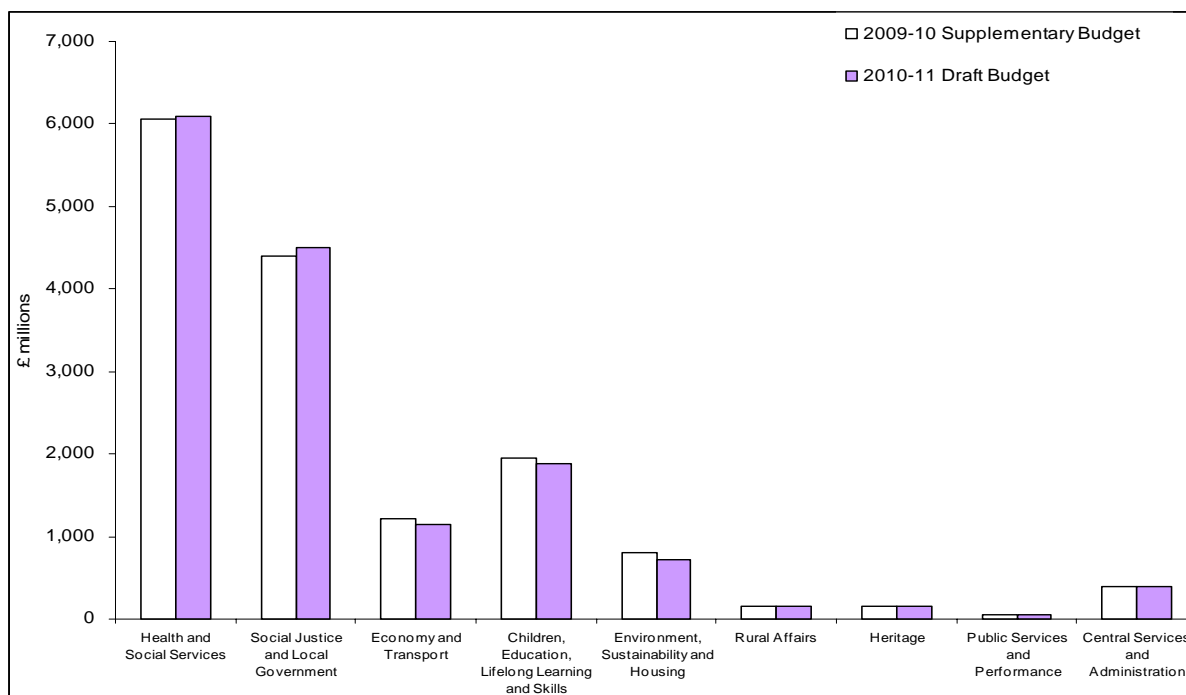
From tables 3 and 4 above, it can be seen that:

- TME available to the Welsh Government to allocate to main expenditure groups (MEG)⁹ for 2010-11 is **£15.8 billion**, representing an overall **reduction of 0.1 per cent on 2009-10**. In real terms this represents a **1.6 per cent decrease**.
- In comparison with indicative figures for 2010-11 presented with the Final Budget 2009-10, this represents a **1.1 per cent reduction on predicted TME**.
- DEL available to the Welsh Government to allocate to MEGs is **£15.1 billion**, representing a **0.5 per cent reduction on 2009-10**. In real terms, this represents a **2 per cent decrease**.
- In comparison with indicative figures for 2010-11 presented with the Final Budget 2009-10, this represents a **1.8 per cent reduction on predicted DEL**.
- The largest cash terms percentage increase in comparison to 2009-10 is to the Social Justice and Local Government portfolio which will increase by £98.8 million or 2.2 per cent, (£32.3 million or 0.7 per cent in real terms).
- The largest cash terms percentage reduction in comparison to 2009-10 is to the Environment, Sustainability and Housing portfolio, which is to decrease by £82.9 million or 10.4 per cent, (£93.5 million, or 11.7 per cent in real terms).

Figure 2 shows the departmental total DEL allocations in cash terms for both the 2009-10 supplementary budget and the 2010-11 draft budget.

⁹ 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.

Figure 2: Total DEL allocations to main expenditure groups in cash terms



Source: MRS calculations from Welsh Government Draft Budget 2010-11

Table 5 shows the proportion of the total available DEL allocated to each main expenditure group over the three years, 2008-09 to 2010-11. In the draft budget 2010-11, the largest MEG is Health and Social Services, which accounts for 40 per cent of the total DEL; followed by Social Justice and Local Government which is 29 per cent; Children Education, Lifelong Learning and Skills accounts for 12 per cent, and Economy and Transport for 8 per cent. As can be seen from table 5, these proportions have not altered significantly over the last three years.

Table 5: Main expenditure groups as a percentage of total DEL

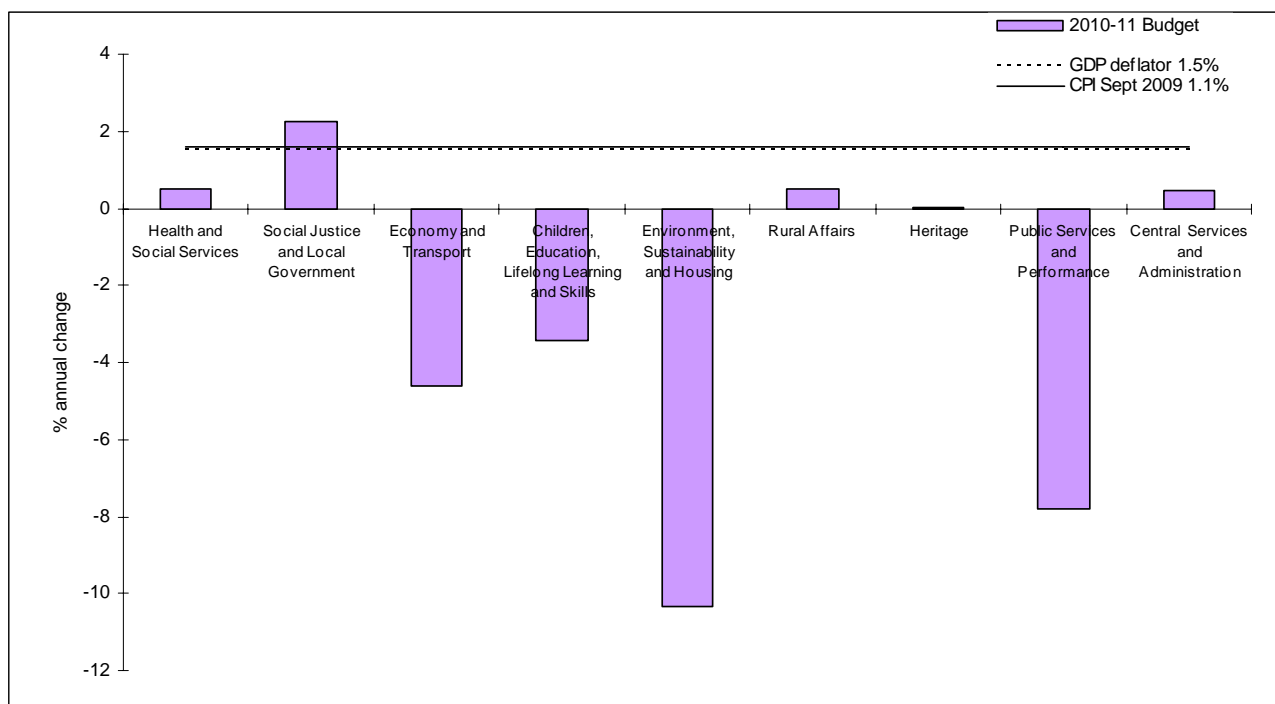
Main Expenditure Group Departmental Expenditure Limits	<i>per cent</i>		
	2010-11 Draft Budget	2009-10 Final Budget	2008-09 Final Budget ¹
Health and Social Services	40.3	40.0	39.6
Social Justice and Local Government	29.8	29.4	29.7
Economy and Transport	7.6	7.9	8.1
Children, Education, Lifelong Learning and Skills	12.4	12.5	12.4
Environment, Sustainability and Housing	4.7	5.1	5.1
Rural Affairs	1.0	1.0	1.0
Heritage	1.1	1.1	1.1
Public Services and Performance	0.4	0.4	0.4
Central Services and Administration	2.6	2.6	2.6
Total Welsh Government DEL Allocations	100.0	100.0	100.0

Source: MRS calculations from Welsh Government Budgets

1. Note that the Central Services and Administration (CSA) MEG did not exist in the 2008-09 budget. The figure shown consists of the Central Administration, Match Funding and Other Ministerial Services MEGs that were later incorporated into the CSA MEG. Care must be taken when making comparisons between years as MEGs have not been adjusted for other inter-departmental transfers, also expenditure brought forward during the year or allocated from the Strategic Capital Investment Framework post-budget will not be included.

Figure 3 shows the year-on-year changes to the total DEL across the MEGs plotted against the projected rise in the GDP deflator for 2010-11 and the latest figure for the Consumer Price Index (CPI).¹⁰ This gives an indication of relative changes and whether increases in the budget are above inflationary measures. It should be noted that changes made are skewed by the reduction in capital and also transfers between MEGs.

Figure 3: Year-on-year change in total DEL in cash terms



Source: MRS calculations from Welsh Government Draft Budget 2010-11

4.1. Revenue DEL changes

Table 6 provides details of the revenue DEL allocations across the Welsh Government MEGs. Figure 4 shows the year-on-year changes to the revenue DEL, plotted against the projected rise in the GDP deflator for 2010-11 and the latest figure for the Consumer Price Index (CPI).¹¹ This gives an indication of relative changes and whether increases in the budget are above inflationary measures. It should be noted that changes made are skewed by transfers between MEGs. In the Draft Budget Report 2010-11 the Welsh Government have provided a table showing figures for the comparison in revenue funding for each MEG which have been adjusted to account for movements between MEGS.¹²

¹⁰ CPI as at September 2009 was 1.1 per cent, as on National Statistics [Inflation](#) pages. [on 11 November 2009]

¹¹ CPI as at September 2009 was 1.1 per cent, as on National Statistics [Inflation](#) pages. [on 11 November 2009]

¹² Welsh Government, [Draft Budget Report 2010-11](#) October 2009. [on 11 November 2009]

From this it can be seen that:

- The revenue DEL within the draft budget is **£13.7 billion**, representing a **2.1 per cent increase on 2009-10**. In real terms, this represents an **increase of 0.6 per cent**.
- In comparison with indicative figures for 2010-11 presented with the Final Budget 2009-10, this represents a **0.6 per cent reduction on predicted revenue DEL**.
- The largest percentage increase is to the Environment Sustainability and Housing portfolio which will increase by £18.9 million or 5.4 per cent, (£13.4 million or 3.8 per cent in real terms).
- The largest percentage reduction is to the Public Services and Performance portfolio, which is to decrease by £4.6 million or 7.8 per cent, (£5.4 million, or 9.2 per cent in real terms). However, this is mainly due to transfers between MEGS.¹³ This is also the largest cash reduction.
- The largest cash increase is in the Health and Social Services portfolio, which will increase by £145.9 million, or 2.6 per cent (£60.3 million or 1.1 per cent in real terms).

Efficiencies and savings of 1.6 per cent of indicative 2010-11 plans for revenue DEL have been required across all the portfolios to account for the £216 million revenue reduction as a result of UK Government decisions (see section 5). As a result of such savings the Welsh Government details that the following additional revenue allocations have been made:¹⁴

- £50 million to Health and Social Services;
- £34 million to Social Justice and Local Government;
- £20 million to Children, Education, Lifelong Learning and Skills;
- £6 million to Economy and Transport;
- £3 million to Environment, Sustainability and Housing;
- £3 million to Heritage; and
- £1.6 million to Central Services and Administration.

¹³ In table 1.1 of the [Draft Budget Report 2010-11](#), which shows year-on-year changes adjusted to exclude inter-departmental transfers. this is shown as a 1 per cent cash terms reduction. [on 11 November 2009]

¹⁴ Welsh Government, [Draft Budget Report 2010-11](#) October 2009. [on 11 November 2009]

Table 6: Revenue DEL allocations to Welsh Government main expenditure groups

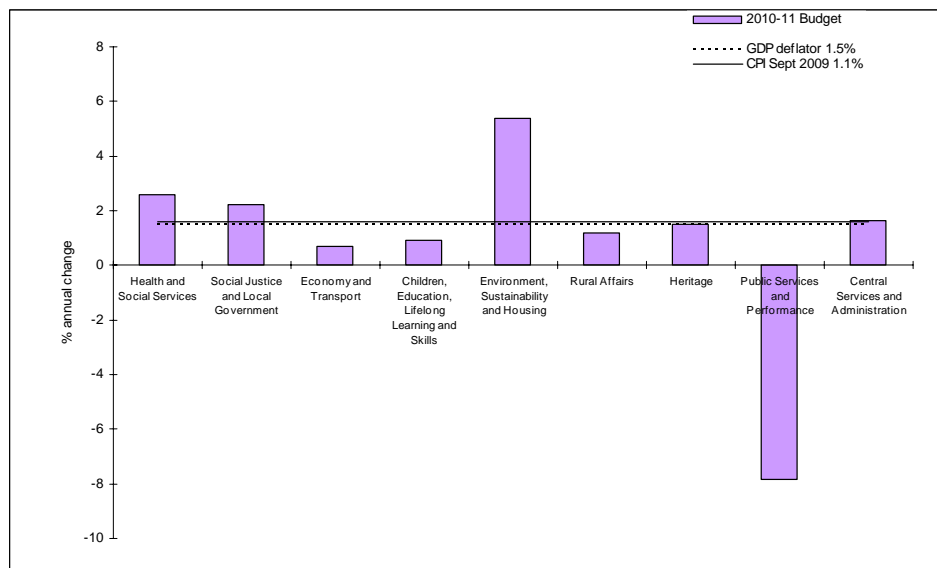
Main Expenditure Group	2009-10	2010-11	2010-11	Change	Change	Real terms ²	Real terms ²	Change	Change
	Supplementary Budget	Indicative Plans ¹	Draft Budget New Plans	2009-10 to 10-11	2009-10 to 2010-11	change 2009-10 to 2010-11	change 2009-10 to 2010-11	indicative 2010-11 to draft 2010-11	indicative 2010-11 to draft 2010-11
	£000	£000	£000	£000	per cent	£000	per cent	£000	per cent
Health and Social Services	5,651,626	5,837,846	5,797,568	145,942	2.6	60,264	1.1	-40,278	-0.7
Social Justice and Local Government	4,327,063	4,453,782	4,424,070	97,007	2.2	31,627	0.7	-29,712	-0.7
Economy and Transport	718,106	725,670	722,958	4,852	0.7	-5,832	-0.8	-2,712	-0.4
Children, Education, Lifelong Learning and Skills	1,677,816	1,694,303	1,692,892	15,076	0.9	-9,942	-0.6	-1,411	-0.1
Environment, Sustainability and Housing	350,233	371,995	369,094	18,861	5.4	13,406	3.8	-2,901	-0.8
Rural Affairs	134,835	138,454	136,407	1,572	1.2	-444	-0.3	-2,047	-1.5
Heritage	145,166	146,507	147,371	2,205	1.5	27	0.0	864	0.6
Public Services and Performance	59,340	59,706	54,704	-4,636	-7.8	-5,444	-9.2	-5,002	-8.4
Central Services and Administration	355,277	360,248	361,165	5,888	1.7	551	0.2	917	0.3
Total Welsh Government Revenue DEL Allocations	13,419,462	13,788,511	13,706,229	286,767	2.1	84,212	0.6	-82,282	-0.6

Source: Members' Research Service calculations from Welsh Government Draft Budget 2010-11.

1. From Final Budget 2009-10.

2. Using the GDP deflator to account for inflation, forecast by HM Treasury to be 1.5 per cent for 2010-11.

Figure 4: Year-on-year change in revenue DEL by MEG in cash terms



Source: MRS calculations from Welsh Government Draft Budget 2010-11.

4.2. Capital DEL changes

Table 7 provides details of the capital DEL allocations across the Welsh Government MEGs. Figure 5 shows the year-on-year changes to the revenue DEL, plotted against the projected rise in the GDP deflator for 2010-11 and the latest figure for the Consumer Price Index (CPI).¹⁵ This gives an indication of relative changes and whether increases in the budget are above inflationary measures. It should be noted that changes are skewed by capital brought forward from 2010-11 into earlier years to provide an economic stimulus and the increase in capital reserves in 2010-11 which it is intended will be allocated to individual MEGs during the year.

From this it can be seen that:

- The capital DEL within the draft budget is **£1.41 billion**, representing a **20.6 per cent reduction on 2009-10**. In real terms, this represents a **decrease of 21.8 per cent**.
- In comparison with indicative figures for 2010-11 presented with the Final Budget 2009-10, this represents a **12.2 per cent reduction on predicted capital DEL**.
- The largest percentage increase is to the Social Justice and Local Government portfolio which will increase by £1.8 million or 2.4 per cent, (£0.7 million or 0.9 per cent in real terms). This is the **only** portfolio to receive an increase in capital DEL in comparison to 2009-10.
- The largest percentage reduction is to the Children, Education, Lifelong Learning and Skills portfolio, which is to decrease by £81.9 million or 30.9 per cent, (£84.7 million, or 32 per cent in real terms).
- The largest cash reduction is in the Health and Social Services portfolio, which will decrease by £115.8 million, or 28.1 per cent (£120.2 million or 29.1 per cent in real terms).

Departmental capital allocations are lower than predicted for 2010-11, this is due to:

- Re-profiling of capital allocations – the Welsh Government has brought forward some £120 million of capital from 2010-11 into earlier years to provide an economic stimulus (see section 4.2.1). This means that for some portfolios 2009-10 capital allocations are elevated and those for 2010-11 are diminished;

¹⁵ CPI as at September 2009 was 1.1 per cent, as on National Statistics [Inflation](#) pages. [on 11 November 2009]

- Reductions of 4.6 per cent for capital DEL have been required across all the portfolios to account for the £75 million reduction¹⁶ as a consequence of UK fiscal decisions (see section 5).

¹⁶ This is a Barnett consequential arising from a capital DEL reduction within the UK Department of Health.

Table 7: Capital DEL allocations to Welsh Government main expenditure groups

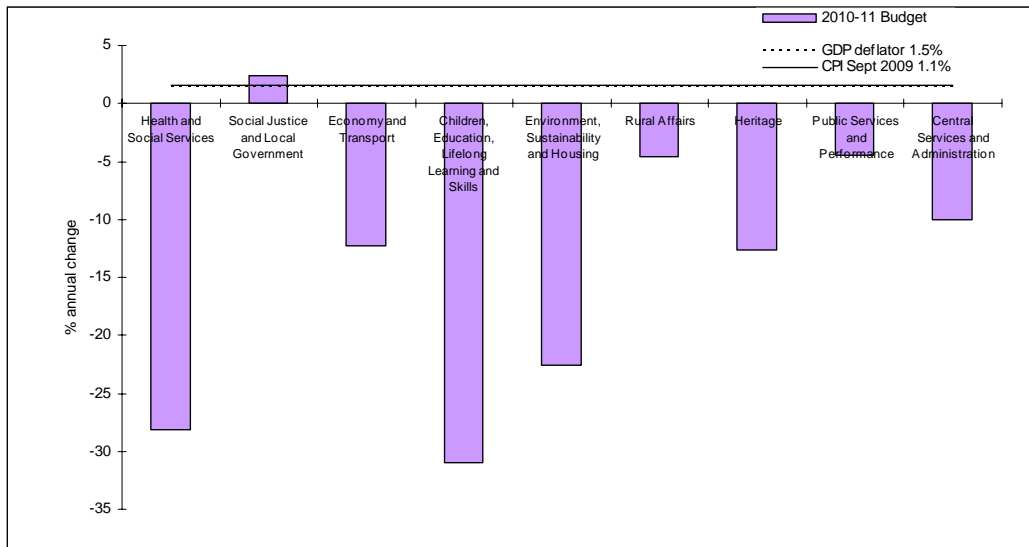
Main Expenditure Group	2009-10	2010-11	2010-11	Change	Change	Real terms ²	Real terms ²	Change	Change
	Supplementary Budget	Indicative Plans ¹	Draft Budget New Plans	2009-10 to 10-11	2009-10 to 2010-11	change 2009-10 to 2010-11	change 2009-10 to 2010-11	indicative 2010-11 to draft 2010-11	indicative 2010-11 to draft 2010-11
	£000	£000	£000	£000	per cent	£000	per cent	£000	per cent
Health and Social Services	412,414	340,114	296,612	-115,802	-28.1	-120,185	-29.1	-43,502	-12.8
Social Justice and Local Government	76,431	82,031	78,258	1,827	2.4	670	0.9	-3,773	-4.6
Economy and Transport	491,605	468,495	431,012	-60,593	-12.3	-66,963	-13.6	-37,483	-8.0
Children, Education, Lifelong Learning and Skills	264,841	225,711	182,892	-81,949	-30.9	-84,652	-32.0	-42,819	-19.0
Environment, Sustainability and Housing	450,285	405,365	348,558	-101,727	-22.6	-106,878	-23.7	-56,807	-14.0
Rural Affairs	17,536	17,536	16,729	-807	-4.6	-1,054	-6.0	-807	-4.6
Heritage	17,297	15,851	15,122	-2,175	-12.6	-2,398	-13.9	-729	-4.6
Public Services and Performance	445	445	425	-20	-4.5	-26	-5.9	-20	-4.5
Central Services and Administration	40,033	45,033	36,033	-4,000	-10.0	-4,533	-11.3	-9,000	-20.0
Total Welsh Government Capital DEL Allocations	1,770,887	1,600,581	1,405,641	-365,246	-20.6	-386,019	-21.8	-194,940	-12.2

Source: Members' Research Service calculations from Welsh Government Draft Budget 2010-11.

1. From Final Budget 2009-10.

2. Using the GDP deflator to account for inflation, forecast by HM Treasury to be 1.5 per cent for 2010-11.

Figure 5: Year-on-year change in capital DEL by MEG in cash terms



Source: MRS calculations from Welsh Government Draft Budget 2010-11

4.2.1 Capital re-profiling

The UK's Pre-Budget Report 2008¹⁷ provided the Welsh Government with the opportunity to bring forward up to £140 million of capital expenditure from 2010-11 into 2008-09 and 2009-10.

The Draft Budget Report 2010-11 states that £120 million has been brought forward from 2010-11 into earlier years. Welsh Government officials have provided details, as shown in table 8.

Table 8: Capital brought forward by main expenditure group

Main Expenditure Group	£ million		
	2008-09	2009-10	2010-11
Health and Social Services		29.2	-29.2
Economy and Transport		16.7	-16.7
Children, Education, Lifelong Learning and Skills	9.0	25.0	-34.0
Environment, Sustainability and Housing	12.0	28.0	-40.0
Total capital brought forward	21.0	98.9	-119.9

Source: Welsh Government.

In his letter to the Finance Committee, the Minister for Finance and Public Service Delivery (Andrew Davies) provides details of how the capital brought forward into 2009-10 has been allocated to specific projects and how it has been of economic benefit.¹⁸

Recently, it was reported that the First Minister has made representations to HM Treasury requesting an additional £100 million in capital funding to be brought forward from 2011-12.¹⁹ However, in his letter to the Finance Committee,²⁰ the Minister for Finance and Public Service Delivery (Andrew Davies) states that:

...it is unlikely that a decision will be announced by HM Treasury in advance of the publication of the Pre-Budget Report.

He goes on to state that:

We do not yet know what our capital or revenue budgets will be for 2011-12 or future years, although we have consistently indicated that we expect them to be tighter than they are now.

¹⁷ HM Treasury, *Pre-Budget Report 2008: Facing global challenges: supporting people through difficult times*, November 2008. [on 11 November 2009]

¹⁸ FIN(3)-19-09 : Paper 5 : Paper to Note : [Correspondence from the Minister for Finance and Public Service Delivery regarding Additional Information on the Supplementary Budget 2009-10, 27 October 2009](#). [on 11 November 2009]

¹⁹ BBC News, [Ministers want £100 million a year early](#), 16 September 2009. [on 11 November 2009]

²⁰ FIN(3)-22-09 : Paper 1 : [Correspondence from the Minister for Finance and Public Service Delivery in response to Committee session on 2 November, 4 November 2009](#). [on 11 November 2009]

5. Efficiency savings

In 2004 the Welsh Government set out their vision for public services in *Making the Connections*.²¹ One aspect of this was the commitment to achieve recurrent efficiencies of £600 million by 2010. In the Draft Budget Report 2010-11 it is stated that:

...we are making good progress to meet this target by 31 March 2010.²²

Originally, such efficiencies were intended to release resources to maximise investment in frontline services. However, the Draft Budget Report 2010-11²³ states that with the onset of the global recession and its impact on public sector spending plans, the focus of the efficiency agenda is now on maintaining and improving public services with less resources. In a press release on 5 October 2009, the Minister for Finance and Public Service Delivery (Andrew Davies) stated:

Our approach to living within tighter budgets is framed around efficiencies – that means focussing on reducing costs and obtaining greater value for our investment rather than reducing services.²⁴

In its report on the 2009-10 draft budget,²⁵ the Finance Committee stated of efficiency savings:

..., it is imperative that efficiency savings continue to be realised and are maximised to get value for the Welsh pound. The Finance Committee agrees with the Finance Minister, that the efficiency target of £600 million by the end of 2010, through *Making the Connections*, should be seen as a minimum rather than a maximum. It is incumbent on all public bodies to play their part in this endeavour and the Committee is keen to ensure that savings are not just identified but realised and independently verified.

The Auditor General for Wales recently wrote to the Finance Committee with regard to efficiency savings.²⁶ He examined efficiency savings declared by local authorities for 2005-06 and other public bodies for 2005-06 and 2006-07, and concluded that:

...the overall level of declared efficiency savings was significantly overstated and that, at the rates of progress exhibited at the time of my reviews, the overall national efficiency target of £600 million savings by 2010 would not be met.

The Auditor General goes on to suggest that a number of barriers to progress were identified, and he made a series of recommendations to the Welsh Government as to how their efficiency framework could be developed in order to address these problems. He admits that these results are now over two years old, and that he

²¹ Welsh Government, *Making the Connections*. [on 11 November 2009]

²² Welsh Government, *Draft Budget Report 2010-11* October 2009. [on 11 November 2009]

²³ Welsh Government, *Draft Budget Report 2010-11* October 2009. [on 11 November 2009]

²⁴ Welsh Government Press Release, *People, priorities, partnership*, 5 October 2009. [on 11 November 2009]

²⁵ Report from the Finance Committee GEN-LD7253 - *Draft Budget Proposals 2009-2010 and Indicative Resource and Cash Allocations for 2010-2011*, 4 November 2008. [on 11 November 2009]

²⁶ FIN(3)-19-09 : Paper 3 : Paper to Note : *Correspondence from the Auditor General for Wales – Efficiency Savings*, 22 October 2009. [on 11 November 2009]

would expect some progress to have been made since that time. However, he also states that:

...I identified one of the key barriers to success as being the efficiency framework itself. The Assembly Government has not changed its efficiency framework since the time of my review and I am therefore not optimistic that the significant progress that was required to achieve the £600 million target has been made.

During his appearance before the Finance Committee on 2 November 2009, the Minister for Finance and Public Service Delivery (Andrew Davies) stated that he disagreed with the Auditor General's opinion that the target would not be met and that the work undertaken by the Auditor was historic and may not reflect the current position.²⁷

5.1. Savings as a result of UK fiscal decisions

As a result of UK fiscal decisions, all departments have been required to identify savings of 1.6 per cent revenue and 4.6 per cent capital on the indicative plans for 2010-11. These are shown for each main expenditure group in table 9. These efficiencies result in a total of £287.7 million, of which £212.6 is revenue and £75 million is capital.

Table 9: Planned revenue and capital efficiencies and savings in each portfolio

Main Expenditure Group	2010-11 Indicative Revenue Plans ¹			2010-11 Indicative Capital Plans ¹		
	£000	Revenue efficiencies and savings £000	per cent	£000	Capital efficiencies and savings £000	per cent
Health and Social Services	5,837,846	-91,613	-1.57	340,114	-14,302	-4.21
Social Justice and Local Government	4,453,782	-71,260	-1.60	82,031	-3,773	-4.60
Economy and Transport	725,670	-7,070	-0.97	468,495	-20,783	-4.44
Children, Education, Lifelong Learning and Skills	1,694,303	-26,144	-1.54	225,711	-8,819	-3.91
Environment, Sustainability and Housing	371,995	-5,901	-1.59	405,365	-16,807	-4.15
Rural Affairs	138,454	-2,047	-1.48	17,536	-807	-4.60
Heritage	146,507	-2,136	-1.46	15,851	-729	-4.60
Public Services and Performance	59,706	-949	-1.59	445	-20	-4.49
Central Services and Administration	360,248	-5,495	-1.53	45,033	-9,000	-19.99
Total planned savings	13,788,511	-212,615	-1.54	1,600,581	-75,040	-4.69

Source: Members' Research Service calculations from Welsh Government Draft Budget 2010-11.

1. From Final Budget 2009-10. It should be noted that 4.6% savings were applied after capital brought forward from 2010-11 had been removed from indicative capital budgets shown in this table.

6. Strategic Capital Investment Framework (SCIF)

In November 2007 the Minister for Finance and Public Service Delivery (Andrew Davies) announced that £400 million of capital funding was to be made available for the SCIF.²⁸ In December 2008 the Finance Minister announced the first tranche of

²⁷ Finance Committee [RoP 2 November 2009](#). [on 11 November 2009]

²⁸ [Welsh Government Cabinet Statement, Minister for Finance and Public Service Delivery \(Andrew Davies\), A progressive Budget for Wales, 5 November 2007](#). [on 11 November 2009]

projects under SCIF, totalling some £350 million.²⁹ The Draft Budget Report 2010-11³⁰ announced a further £125 million to be made available for the second tranche of SCIF projects in 2010-11. On 20 October 2009, the Finance Minister announced the projects to be funded under the second tranche of SCIF.³¹ In a letter to the Finance Committee, the Finance Minister details the process behind the second tranche of SCIF and provides details of the allocations made under tranche 1 and tranche 2. These figures are reproduced below in table 10.

²⁹ [Welsh Government, Cabinet Statement, Minister for Finance and Public Service Delivery \(Andrew Davies\), Final Budget 2009-10, 2 December 2009.](#) [on 11 November 2009]

³⁰ Welsh Government, [Draft Budget Report 2010-11](#) October 2009. [on 11 November 2009]

³¹ [Welsh Government, Cabinet Statement, Minister for Finance and Public Service Delivery \(Andrew Davies\), Tranche 2 of the Strategic Capital Investment Framework, 20 October 2009.](#) [on 11 November 2009]

Table 10: SCIF project allocations

	<i>£millions</i>			
Project	2008-09	2009-10	2010-11	Total
TRANCHE ONE				
Children, Education and Lifelong Learning	9.1	11.9	8.0	29.0
Construction of Newport Schoools and Community Regeneration	8.5	1.5	5.0	15.0
Capital Investment Programme All Wales 21st Century Schools	0.1	2.9	2.0	5.0
Wrexham Secondary Schools	0.3	4.8	0.0	5.0
Construction of Blaenavon Education and Community Campus ¹	0.3	2.8	1.0	4.0
Economy and Transport	5.3	17.3	45.6	68.2
Development of dualling A465 between Tredegar and Brynmawr	0.3	4.3	4.6	9.2
Enhancements to rail infrastructure Shrewsbury, Wrexham and Chester	0.5	4.5	22.0	27.0
Enhancements to rail infrastructure Swansea, Gowerton and Llanelli	0.5	4.5	15.0	20.0
Creating a Low Carbon Region in Heads of the Valleys	4.0	4.0	4.0	12.0
Environment, Sustainability and Housing	17.0	30.0	33.0	80.0
All Wales Low Carbon Building Programme	2.0	9.0	15.0	26.0
Delivery of Anaerobic Digestion Plants across Wales	0.0	2.0	2.0	4.0
Delivery of 400+ Affordable Homes across Wales	15.0	16.0	11.0	42.0
Acceleration of the Flood and Coastal Defence Programme	0.0	3.0	5.0	8.0
Health and Social Services	18.1	44.6	93.7	156.4
All Wales Pandemic Influenza Preparedness Programme ²	11.3	40.0	7.7	59.0
Health Vision Swansea - Reconfiguration of healthcare services	6.8	0.0	63.2	70.0
Delivering the All Wales Primary Care Programme	0.0	2.6	13.8	16.4
Welsh Ambulance Services Hazard Area Response Teams	0.0	2.0	1.0	3.0
Construction of Merthyr Health and Wellbeing Centre	0.0	0.0	8.0	8.0
Heritage	0.2	1.5	2.3	4.0
All Wales Cultural Heritage Initiative	0.2	0.5	1.3	2.0
National Library of Wales On-Line Digitisation Project	0.0	1.0	1.0	2.0
Social Justice and Local Government	0.0	0.9	9.5	10.4
South East Wales Shared Services Centre - HR, Payroll and Training	0.0	0.9	9.5	10.4
Central Services and Administration	0.0	0.5	0.5	1.0
Corporate Geographical Information Systems	0.0	0.5	0.5	1.0
Total for Tranche One	49.7	106.7	192.6	349.0
TRANCHE TWO				
Children, Education and Lifelong Learning	0.0	0.0	67.3	67.3
Ebbw Vale Learning Works	0.0	0.0	35.0	35.0
Taf Early Learning Campus	0.0	0.0	12.0	12.0
21st Century School buildings for Gwynedd	0.0	0.0	5.3	5.3
Da Vinci Arts and Innovation Centre ³	0.0	0.0	15.0	15.0
Health and Social Services	0.0	0.0	16.5	16.5
Prince Charles Emergency Care Centre	0.0	0.0	8.5	8.5
Children's Hospital for Wales	0.0	0.0	8.0	8.0
Environment, Sustainability and Housing	0.0	0.0	20.0	20.0
Affordable Housing and Housing Support Package	0.0	0.0	20.0	20.0
Heritage	0.0	0.0	4.5	4.5
Eco Lighting	0.0	0.0	1.0	1.0
Glyn Vivian Art Centre	0.0	0.0	3.5	3.5
Social Justice and Local Government	0.0	0.0	10.0	10.0
3 Strategic Coordination Centres	0.0	0.0	10.0	10.0
Total for Tranche Two	0.0	0.0	118.3	118.3
TOTAL SCIF ALLOCATIONS	49.7	106.7	310.9	467.3

Source Welsh Government.

1. In conjunction with Economy and Transport department.

2. Due to the nature of this programme the funding profile is subject to on-going review.

3. In conjunction with Economy and Transport and Heritage.

A. Health and Social Services

Table 11 provides information on the overall allocations proposed within the Health and Social Services (HSS) MEG. Figure 6 shows the year-on-year changes within the HSS MEG. From this information it can be seen that:

- HSS DEL has seen an **overall increase of 0.5 per cent** (representing £30.1m) when compared to the 2009-10 figure. This consists of an increase of 2.6 per cent (£145.9m) in revenue and a decrease of 28.1 per cent (£115.8m) in capital.
- In **real** terms, HSS DEL has seen an **overall decrease of 1.0 per cent** (representing £59.9m). This consists of an increase of 1.1 per cent (£60.3m) in revenue and a decrease of 29.1 per cent (£120.2m) in capital.³²
- There is an increase of £49.6 million (123 per cent) in the AME allocation as compared with 2009-10.
- The total HSS DEL for 2010-11 represents a **decrease of 1.4 per cent** (representing £83.8m) compared to the 2010-11 indicative figures from the Final Budget 2009-10.
- The Cancer (Revenue) SPA shows the greatest percentage increase; 52 per cent, representing an increase of £3.4m. This is mostly due to an increase of £2.9m in the Hospice Support action.
- In cash terms the greatest increase is seen in the NHS Allocations (Revenue) SPA which increased by £134.5m (representing 2.7 per cent).
- The Chronic Diseases (Revenue) SPA shows the highest percentage reduction of 46.6 per cent representing a decrease of £7.9m. This is due to a reduction of £7.9m in the action of the same name.
- In cash terms the greatest reduction can be seen in the NHS Allocations (Capital) SPA with a decrease of £114.3m (28.3 per cent). This is partially due to the bringing forward of £29.2 million from 2010-11 into 2009-10 in the Trust and LHB capital action. Thus accounting for £58.4 million of the reduction.

The following transfers have been made in the HSS MEG:

- £0.66 million from Other Health Central Budgets Action (in NHS Allocations revenue SPA) to SJLG MEG.

³² £58.4 million of the reduction in capital funding relates to the bringing forward of capital expenditure from 2010-11 to provide economic stimulus during the economic downturn. It is the effect of a reduction in funding in 2010-11 of £29.2 million, brought forward to 2009-10. This was within the Trust and LHB capital action. A further £14.3 million is due to capital savings as a result of UK fiscal decisions. Thus, accounting for £87.6 million of the £120 million reduction.

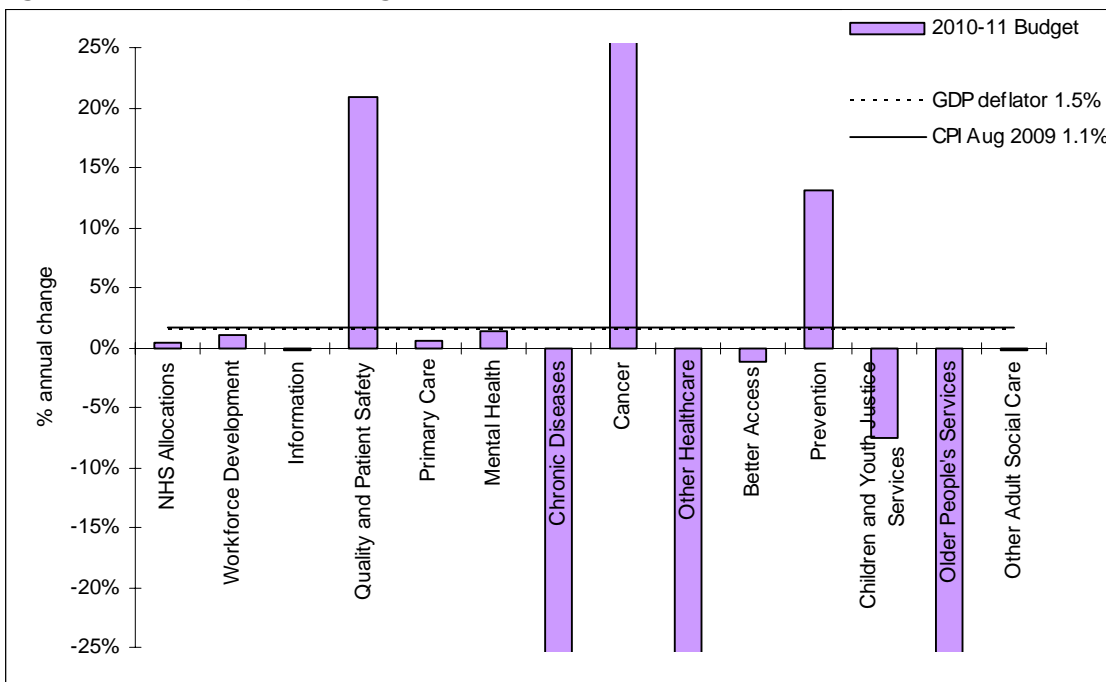
- £2 million from Services for Children action (in Children and Youth Justice Services revenue SPA) to SJLG MEG.

In comparison to indicative plans for 2010-11 there have been revenue savings of £91.6 million (1.6 per cent) and capital savings of £14.3 million (4.2 per cent), as detailed in section 5.1.

The Draft Budget Report 2010-11³³ states that the following additional revenue allocations have been made:

- £50m structural changes and increased demand for services due to reduced waiting times; and
- £4m for priorities arising from the economic downturn.

Figure 6: Year-on-year changes to HSS DEL allocation



Source: Members' Research Service calculations from Welsh Government Draft Budget 2010-11.
 Note: any changes over 25% are not shown as axis limits are set at 25%.

³³ Welsh Government, *Draft Budget Report 2010-11* October 2009. [on 11 November 2009]

Table 11: Health and Social Services main expenditure group

Spending Programme Area	2009-10	2010-11	2010-11	Change 2009-10 to 10-11	Change 2009-10 to 2010-11	Real terms ² change 2009-10 to 2010-11	Real terms ² change 2009-10 to 2010-11	Change indicative 2010-11 to draft 2010-11	Change indicative 2010-11 to draft 2010-11
	Supplementary Budget	Indicative Plans ¹	Draft Budget New Plans						
	£000	£000	£000	£000	per cent	£000	per cent	£000	per cent
REVENUE DEL									
NHS Allocations	5,049,508	5,194,005	5,184,002	134,494	2.7	57,883	1.1	-10,003	-0.2
Workforce Development	299,495	308,744	302,348	2,853	1.0	-1,615	-0.5	-6,396	-2.1
Information	29,576	29,973	29,493	-83	-0.3	-519	-1.8	-480	-1.6
Quality and Patient Safety	39,666	50,285	47,937	8,271	20.9	7,563	19.1	-2,348	-4.7
Primary Care	16,556	16,921	16,650	94	0.6	-152	-0.9	-271	-1.6
Mental Health	15,781	18,881	15,992	211	1.3	-25	-0.2	-2,889	-15.3
Chronic Diseases	16,996	18,915	9,083	-7,913	-46.6	-8,047	-47.3	-9,832	-52.0
Cancer	6,563	9,638	9,976	3,413	52.0	3,266	49.8	338	3.5
Other Healthcare	5,262	5,387	3,061	-2,201	-41.8	-2,246	-42.7	-2,326	-43.2
Better Access	1,734	1,742	1,714	-20	-1.2	-45	-2.6	-28	-1.6
Prevention	69,724	80,516	78,858	9,134	13.1	7,969	11.4	-1,658	-2.1
Children and Youth Justice Services	25,546	26,723	23,556	-1,990	-7.8	-2,338	-9.2	-3,167	-11.9
Older People's Services	4,000	2,450	2,411	-1,589	-39.7	-1,625	-40.6	-39	-1.6
Other Adult Social Care	71,219	73,666	72,487	1,268	1.8	197	0.3	-1,179	-1.6
Revenue DEL	5,651,626	5,837,846	5,797,568	145,942	2.6	60,264	1.1	-40,278	-0.7
CAPITAL DEL									
NHS Allocations	403,812	333,012	289,510	-114,302	-28.3	-118,580	-29.4	-43,502	-13.1
Other Adult Social Care	7,977	6,477	6,477	-1,500	-18.8	-1,596	-20.0	0	0.0
Workforce Development	25	25	25	0	0.0	0	-1.5	0	0.0
Children and Youth Justice Services	600	600	600	0	0.0	-9	-1.5	0	0.0
Capital DEL	412,414	340,114	296,612	-115,802	-28.1	-120,185	-29.1	-43,502	-12.8
ANNUALLY MANAGED EXPENDITURE									
NHS Impairments	40,222	0	89,849	49,627	123.4	48,299	120.1	89,849	
AME	40,222	0	89,849	49,627	123.4	48,299	120.1	89,849	
Revenue DEL	5,651,626	5,837,846	5,797,568	145,942	2.6	60,264	1.1	-40,278	-0.7
Capital DEL	412,414	340,114	296,612	-115,802	-28.1	-120,185	-29.1	-43,502	-12.8
Total DEL	6,064,040	6,177,960	6,094,180	30,140	0.5	-59,922	-1.0	-83,780	-1.4
Annually Managed Expenditure	40,222	0	89,849	49,627	123.4	48,299	120.1	89,849	..
Total - Health and Social Services	6,104,262	6,177,960	6,184,029	79,767	1.3	-11,623	-0.2	6,069	0.1

Source: Members' Research Service calculations from Welsh Government Draft Budget 2010-11.

1. From Final Budget 2009-10.

2. Using the GDP deflator to account for inflation, forecast by HM Treasury to be 1.5 per cent for 2010-11.

B. Social Justice and Local Government

Table 12 provides information on the overall allocations proposed within the Social Justice and Local Government (SJLG) MEG. Figure 7 shows the year-on-year changes within the SJLG MEG. From this information it can be seen that:

- SJLG DEL has seen an **overall increase of 2.2 per cent** (representing £98.8m) when compared to the 2009-10 figure. This consists of an increase of 2.2 per cent (£97.0m) in revenue and an increase of 2.4 per cent (£1.8m) in capital.
- In **real** terms, the SJLG DEL has seen an **overall increase of 0.7 per cent** (representing £32.3m). This consists of an increase of 0.7 per cent (£31.6m) in revenue and an increase of 0.9 per cent (£0.7m) in capital.
- There is an increase of £0.6 million (4.3 per cent) to the AME allocation compared with 2009-10.
- The draft budget figure for total DEL for 2010-11 is a **decrease of 0.7 per cent** (representing £33.5m) compared to the 2010-11 indicative figures from the Final Budget 2009-10.
- The Equality, Diversity and Inclusion (Revenue) SPA shows the greatest percentage increase; 45 per cent, representing an increase of £0.6m. This is due to an increase of £0.9m in the Equality and Human Rights action from zero, which was transferred in from the CSA MEG. This is partially offset by a reduction of £0.3m in the Inclusion – Refugees, Asylum Seekers and Migrant Workers action.
- In cash terms the greatest increase is seen in the Local Government Funding (Revenue) SPA which increased by £100.8m (representing 2.4 per cent).
- The Safer Communities (Revenue) SPA shows the highest percentage reduction of 7.8 per cent representing a decrease of £3.5m. The reduction of £8.5m in the Fire and Rescue Services National Framework action has caused the greatest impact, which was partially offset by an increase of £5.9m in the Substance Misuse action.
- The Safer Communities (Revenue) SPA also shows the greatest reduction in cash terms although receiving an additional allocation of £4m for substance misuse and for domestic abuse and violence against women.

The following transfers have been made in the SJLG MEG:

- £1.5m into the Equality, Diversity and Inclusion (Revenue) SPA: £0.88m into the Equality and Human Rights action from the CSA MEG following the transfer of responsibility for Equality and Human Rights policy; £0.66m to the Inclusion – Refugees, Asylum Seekers and Migrant Workers action from the HSS MEG to support work on financial inclusion; and

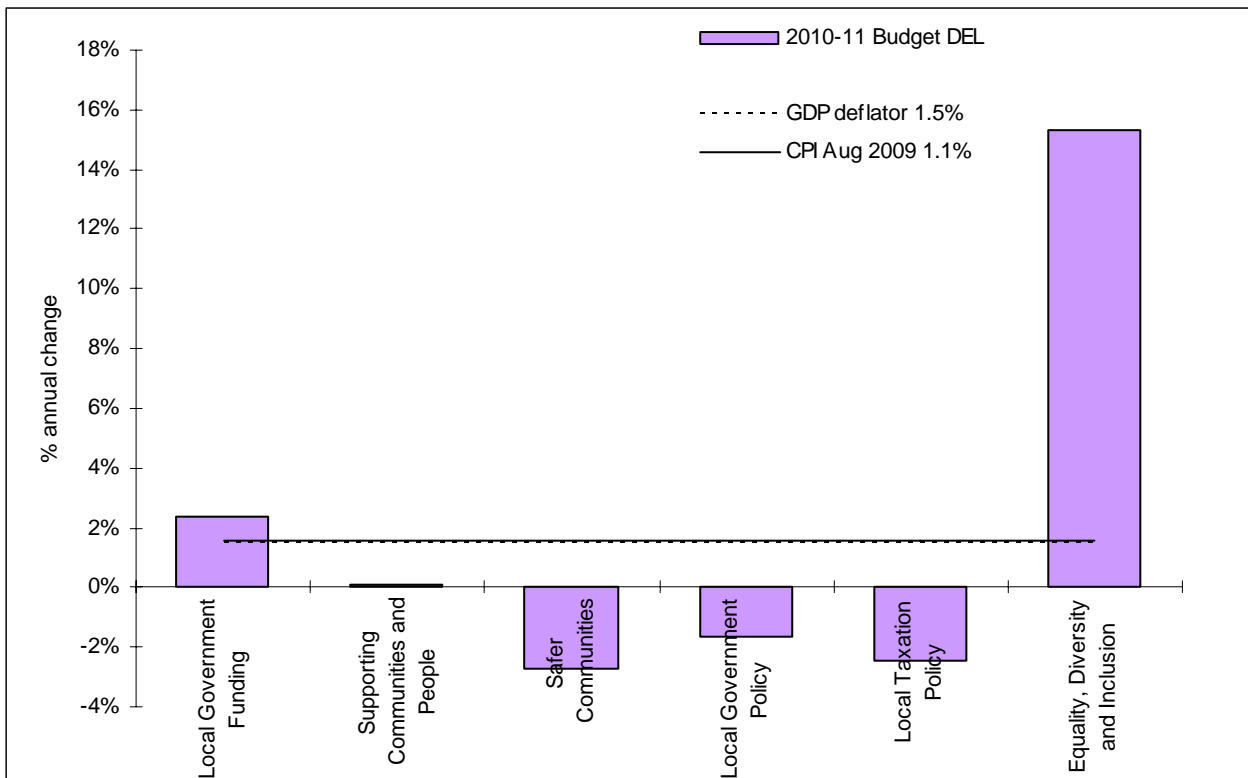
- £2m has also been transferred from the HSS MEG into the RSG (Funding Support for Local Government action) for work related to the *Children and Young People's Act*.

In comparison to indicative plans for 2010-11 there have been revenue savings of £71.3 million (1.6 per cent) and capital savings of £3.8 million (4.6 per cent), as detailed in section 5.1.

The Draft Budget Report 2010-11³⁴ states that the following additional revenue allocations have been made:

- £34 million to the revenue support grant (RSG); and
- £4 million for substance misuse and domestic abuse and violence against women;

Figure 7: Year-on-year changes to SJLG DEL allocation



Source: Members' Research Service calculations from Welsh Government Draft Budget 2010-11.

³⁴ Welsh Government, *Draft Budget Report 2010-11* October 2009. [on 11 November 2009]

Table 12: Social Justice and Local Government main expenditure group

Spending Programme Area	2009-10	2010-11	2010-11	Change 2009-	Change 2009-	Real terms ²	Real terms ²	Change	Change
	Supplementary Budget	Indicative Plans ¹	Draft Budget New Plans	10 to 10-11	10 to 2010-11	change 2009-10 to 2010-11	change 2009-10 to 2010-11	indicative 2010-11 to draft 2010-11	indicative 2010-11 to draft 2010-11
	£000	£000	£000	£000	per cent	£000	per cent	£000	per cent
REVENUE DEL									
Local Government Funding	4,161,359	4,293,710	4,262,195	100,836	2.4	37,848	0.9	-31,515	-0.7
Supporting Communities and People	64,559	64,881	64,633	74	0.1	-881	-1.4	-248	-0.4
Safer Communities	44,348	38,748	40,898	-3,450	-7.8	-4,054	-9.1	2,150	5.5
Local Government Policy	39,032	38,999	38,397	-635	-1.6	-1,202	-3.1	-602	-1.5
Local Taxation Policy	16,465	16,244	16,064	-401	-2.4	-638	-3.9	-180	-1.1
Equality, Diversity and Inclusion	1,300	1,200	1,883	583	44.8	555	42.7	683	56.9
Revenue DEL	4,327,063	4,453,782	4,424,070	97,007	2.2	31,627	0.7	-29,712	-0.7
CAPITAL DEL									
Local Government Funding	37,843	37,843	37,843	0	0.0	-559	-1.5	0	0.0
Supporting Communities and People	21,448	21,448	21,448	0	0.0	-317	-1.5	0	0.0
Safer Communities	14,640	20,240	16,467	1,827	12.5	1,584	10.8	-3,773	-18.6
Equality, Diversity and Inclusion	2,500	2,500	2,500	0	0.0	-37	-1.5	0	0.0
Capital DEL	76,431	82,031	78,258	1,827	2.4	670	0.9	-3,773	-4.6
ANNUALLY MANAGED EXPENDITURE									
Total Local Government Funding	13,025	13,583	13,583	558	4.3	357	2.7	0	0.0
AME	13,025	13,583	13,583	558	4.3	357	2.7	0	0.0
Revenue DEL	4,327,063	4,453,782	4,424,070	97,007	2.2	31,627	0.7	-29,712	-0.7
Capital DEL	76,431	82,031	78,258	1,827	2.4	670	0.9	-3,773	-4.6
Total DEL	4,403,494	4,535,813	4,502,328	98,834	2.2	32,297	0.7	-33,485	-0.7
Annually Managed Expenditure	13,025	13,583	13,583	558	4.3	357	2.7	0	0.0
Total - Social Justice and Local Government	4,416,519	4,549,396	4,515,911	99,392	2.3	32,654	0.7	-33,485	-0.7

Source: Members' Research Service calculations from Welsh Government Draft Budget 2010-11.

1. From Final Budget 2009-10.

2. Using the GDP deflator to account for inflation, forecast by HM Treasury to be 1.5 per cent for 2010-11.

C. Economy and Transport

Table 13 provides information on the overall allocations proposed within the Economy and Transport (ET) MEG. Figure 8 shows the year-on-year changes within the ET MEG. From this information it can be seen that:

- ET DEL has seen an **overall decrease of 4.6 per cent** (representing £55.7m) when compared to the 2009-10 figure. This consists of an increase of 0.7 per cent (£4.9m) in revenue and a decrease of 12.3 per cent (£60.6m) in capital.
- In **real** terms, ET DEL has seen an **overall decrease of 6.0 per cent** (representing £72.8m). This consists of a decrease of 0.8 per cent (£5.8m) in revenue and a decrease of 13.6 per cent (£67.0m) in capital.³⁵
- There is a reduction of £17.6 million (3.6 per cent) in the AME allocation as compared with 2009-10.
- The draft budget figure for total DEL for 2010-11 is a **decrease of 3.4 per cent** (representing £40.2m) compared to the 2010-11 indicative figures from the Final Budget 2009-10.
- The Prepare Future Strategic Regeneration Areas (Capital) SPA shows the greatest percentage increase; 46.2 per cent, representing an increase of almost £1.0m. This is due to an equal increase in the action of the same name.
- In cash terms the greatest increase is seen in the Improve Domestic Connectivity (Regional & National) (Revenue) SPA which increased by £20.9m (representing 7.7 per cent). This is mainly due to an increase of £21.6m to the Improve Public Transport (Rail) action, which is partially offset by a reduction of £0.7m in the Improve and Maintain Trunk Road Network (Domestic Routes) action.
- The Corporate Programmes and Services (Capital) SPA shows the highest percentage reduction of 73.5 per cent representing a decrease of £1.5m. This is due to a reduction of £1.5m in the Provide DET Corporate Programmes and Services action.
- The Improve International Connectivity (Capital) SPA shows the greatest reduction in cash terms, with a decrease of £20.9m (35.1 per cent). This is seen to occur in the action of the same name and is due to efficiency savings, capital

³⁵ £33.4 million of the reduction in capital funding relates to the bringing forward of capital expenditure from 2010-11 to provide economic stimulus during the economic downturn. It is the effect of a reduction in funding in 2010-11 of £16.7 million, brought forward to 2009-10. These were within the actions of: Improve Integrated Transport (Local), £9 million; Developing Sustainable Infrastructure for Economic Development, £5.7 million; Strategic Regeneration Areas, £2 million. A further £20.8 million is due to capital savings as a result of UK fiscal decisions. Thus, accounting for £54.2 million of the £67 million reduction.

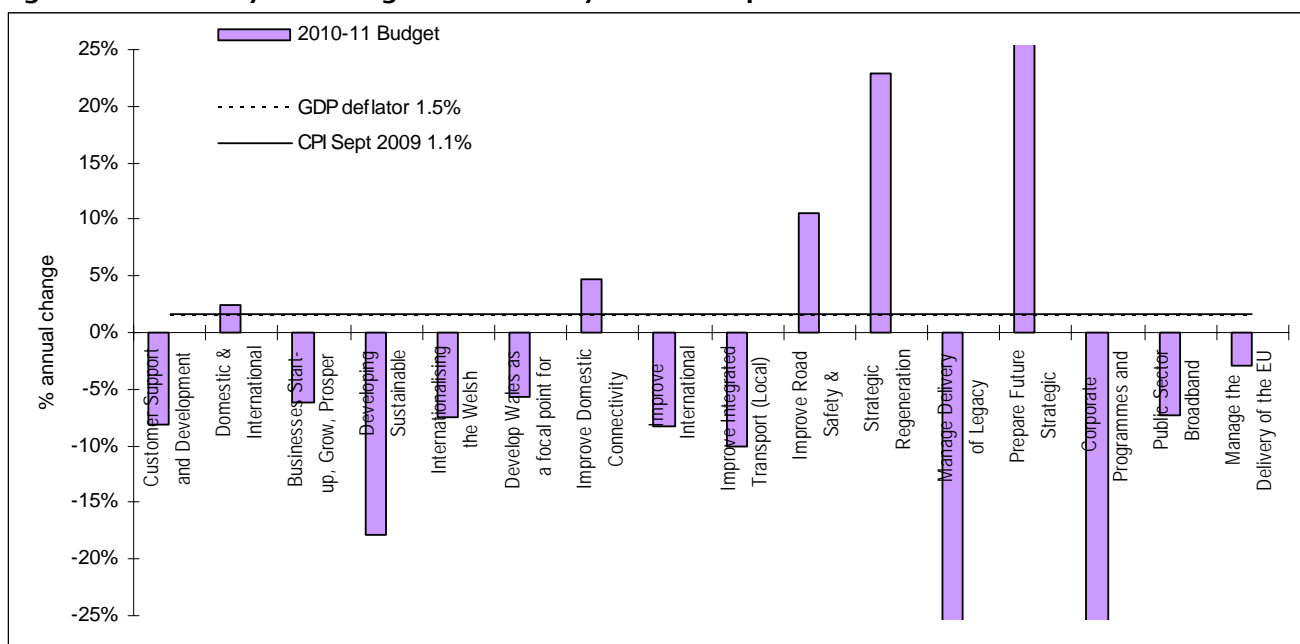
programmes brought forward from 2010-11 to 2009-10 and an additional non-recurrent budget allocation of £8m in 2009-10.

The following transfers have been made in the ET MEG:

- £1.6 million from the Provide DET Corporate Programmes and Services action in the Corporate Programmes and Services (Revenue) SPA to the Central Services and Administration MEG to align budgets with the First Minister’s responsibilities. Note that in 2009-10 only, £5 million was allocated to this action to prioritise funding for specific short term action in respect of the current economic climate. (*Note that this relates to the old International Relations BEL*).

In comparison to indicative plans for 2010-11 there have been revenue savings of £7.1 million (1 per cent) and capital savings of £20.8 million (4.4 per cent), as detailed in section 5.1.

Figure 8: Year-on-year changes to Economy and Transport DEL allocation



Source: Members' Research Service calculations from Welsh Government Draft Budget 2010-11.
Note: any changes over 25% are not shown as axis limits are set at 25%.

Table 13: Economy and Transport main expenditure group

Spending Programme Area	2009-10	2010-11	2010-11	Change 2009-	Change 2009-	Real terms ²	Real terms ²	Change	Change
	Supplementary Budget	Indicative Plans ¹	Draft Budget New Plans	10 to 10-11	10 to 2010-11	change 2009-10 to 2010-11	change 2009-10 to 2010-11	indicative 2010-11 to draft 2010-11	indicative 2010-11 to draft 2010-11
	£000	£000	£000	£000	per cent	£000	per cent	£000	per cent
REVENUE DEL									
Customer Support and Development of Policies & Strategies	3,361	3,348	3,088	-273	-8.1	-319	-9.5	-260	-7.8
Domestic & International Marketing and Major Events	8,890	8,328	9,528	638	7.2	497	5.6	1,200	14.4
Businesses Start-up, Grow, Prosper and Invest	37,102	37,346	34,556	-2,546	-6.9	-3,057	-8.2	-2,790	-7.5
Developing Sustainable Infrastructure for Economic Development	41,499	41,261	41,261	-238	-0.6	-848	-2.0	0	0.0
Internationalising the Welsh Economy	5,975	5,975	5,525	-450	-7.5	-532	-8.9	-450	-7.5
Develop Wales as a focal point for Innovation Technology & Commercialisation	17,531	16,466	19,196	1,665	9.5	1,381	7.9	2,730	16.6
Improve Domestic Connectivity (Regional & National)	271,291	293,817	292,167	20,876	7.7	16,558	6.1	-1,650	-0.6
Improve International Connectivity	190,240	190,411	190,561	321	0.2	-2,495	-1.3	150	0.1
Improve Integrated Transport (Local)	102,006	93,006	93,006	-9,000	-8.8	-10,374	-10.2	0	0.0
Improve Road Safety & Transport's Impact on the Environment	8,397	8,397	8,397	0	0.0	-124	-1.5	0	0.0
Strategic Regeneration Areas	1,950	2,215	2,215	265	13.6	232	11.9	0	0.0
Manage Delivery of Legacy Regeneration Areas	11,113	10,453	10,453	-660	-5.9	-814	-7.3	0	0.0
Prepare Future Strategic Regeneration Areas	50	50	50	0	0.0	-1	-1.5	0	0.0
Corporate Programmes and Services	10,773	7,192	5,550	-5,223	-48.5	-5,305	-49.2	-1,642	-22.8
Public Sector Broadband Aggregation	6,600	6,115	6,115	-485	-7.3	-575	-8.7	0	0.0
Manage the Delivery of the EU Structural Programmes in Wales	1,328	1,290	1,290	-38	-2.9	-57	-4.3	0	0.0
Revenue DEL	718,106	725,670	722,958	4,852	0.7	-5,832	-0.8	-2,712	-0.4
CAPITAL DEL									
Domestic & International Marketing and Major Events	800	400	400	-400	-50.0	-406	-50.7	0	0.0
Businesses Star-up, Grow, Prosper and Invest	82,681	82,682	77,899	-4,782	-5.8	-5,933	-7.2	-4,783	-5.8
Developing Sustainable Infrastructure for Economic Development	28,726	22,116	16,416	-12,310	-42.9	-12,553	-43.7	-5,700	-25.8
Wales as a focal point for Innovation, Technology & Commercialisation	5,794	5,794	2,794	-3,000	-51.8	-3,041	-52.5	-3,000	-51.8
Improve Domestic Connectivity (Regional & National)	106,947	112,114	103,834	-3,113	-2.9	-4,647	-4.3	-8,280	-7.4
Improve International Connectivity	59,612	42,403	38,683	-20,929	-35.1	-21,501	-36.1	-3,720	-8.8
Improve integrated Transport (Local)	135,917	130,917	120,917	-15,000	-11.0	-16,787	-12.4	-10,000	-7.6
Improve Road Safety & Transport's Impact on the Environment	15,716	18,257	18,257	2,541	16.2	2,271	14.5	0	0.0
Strategic Regeneration Areas	33,288	43,108	41,108	7,820	23.5	7,212	21.7	-2,000	-4.6
Manage Delivery of Legacy Regeneration Areas	18,021	7,147	7,147	-10,874	-60.3	-10,980	-60.9	0	0.0
Prepare Future Strategic Regeneration Areas	2,063	3,017	3,017	954	46.2	909	44.1	0	0.0
Corporate Programmes and Services	2,040	540	540	-1,500	-73.5	-1,508	-73.9	0	0.0
Capital DEL	491,605	468,495	431,012	-60,593	-12.3	-66,963	-13.6	-37,483	-8.0
ANNUALLY MANAGED EXPENDITURE									
Developing Sustainable Infrastructure for Economic Development	60,607	0	24,243	-36,364	-60.0	-36,722	-60.6	24,243	
Improve Domestic Connectivity (Regional & National)	163,702	170,819	170,819	7,117	4.3	4,593	2.8	0	0.0
Improve International Connectivity	267,093	278,705	278,705	11,612	4.3	7,493	2.8	0	0.0
AME	491,402	449,524	473,767	-17,635	-3.6	-24,636	-5.0	24,243	5.4
Revenue DEL	718,106	725,670	722,958	4,852	0.7	-5,832	-0.8	-2,712	-0.4
Capital DEL	491,605	468,495	431,012	-60,593	-12.3	-66,963	-13.6	-37,483	-8.0
Total DEL	1,209,711	1,194,165	1,153,970	-55,741	-4.6	-72,795	-6.0	-40,195	-3.4
Annually Managed Expenditure	491,402	449,524	473,767	-17,635	-3.6	-24,636	-5.0	24,243	5.4
Total - Economy and Transport	1,701,113	1,643,689	1,627,737	-73,376	-4.3	-97,431	-5.7	-15,952	-1.0

Source: Members' Research Service calculations from Welsh Government Draft Budget 2010-11.

1. From Final Budget 2009-10.

2. Using the GDP deflator to account for inflation, forecast by HM Treasury to be 1.5 per cent for 2010-11.

D. Children, Education, Lifelong Learning and Skills

Table 14 provides information on the overall allocations proposed within the Children, Education, Lifelong Learning and Skills (CELLS) MEG. Figure 9 shows the year-on-year changes within the CELLS MEG. From this information it can be seen that:

- CELLS DEL has seen an **overall decrease of 3.4 per cent** (representing £66.9m) when compared to the 2009-10 figure. This consists of an increase of 0.9 per cent (£15.1m) in revenue and a decrease of 30.9 per cent (£81.9m) in capital.³⁶
- In **real terms**, CELLS DEL has seen an **overall decrease of 4.9 per cent** (representing £94.6m). This consists of a decrease of 0.6 per cent (£9.9m) in revenue and a decrease of 32.0 per cent (£84.7m) in capital.
- There is an increase of £10.6 million (6.5 per cent) in the AME allocation as compared with 2009-10.
- The draft budget figure for total DEL for 2010-11 is a **decrease of 2.3 per cent** (representing £44.2m) compared to the 2010-11 indicative figures from the Final Budget 2009-10.
- The Qualification, Curriculum and Learning Improvement (Revenue) SPA shows the greatest increase both in terms of percentage and cash increase; 13.4 per cent, representing an increase of £18.9m. This is mostly due to an increase of £19.6m in the Curriculum & Assessment action plus increases in two other actions which were partially offset by a reduction of £4.1m in the Learning Improvement and Professional Development action.
- The Qualification, Curriculum and Learning Improvement (Capital) SPA shows the highest percentage reduction of 100 per cent decreasing from £80,000 to zero. This is due to a reduction of £80,000 in the Qualifications and Learning action.
- The Business Improvement and Resource Investment (Capital) SPA shows the greatest reduction in cash terms, with a decrease of £65.4m (29.5 per cent). The Capital Funding action shows a reduction of £20m reflecting capital brought forward to 2009-10, thus accounting for £40 million of this reduction.

The following transfer has been made in the CELLS MEG:

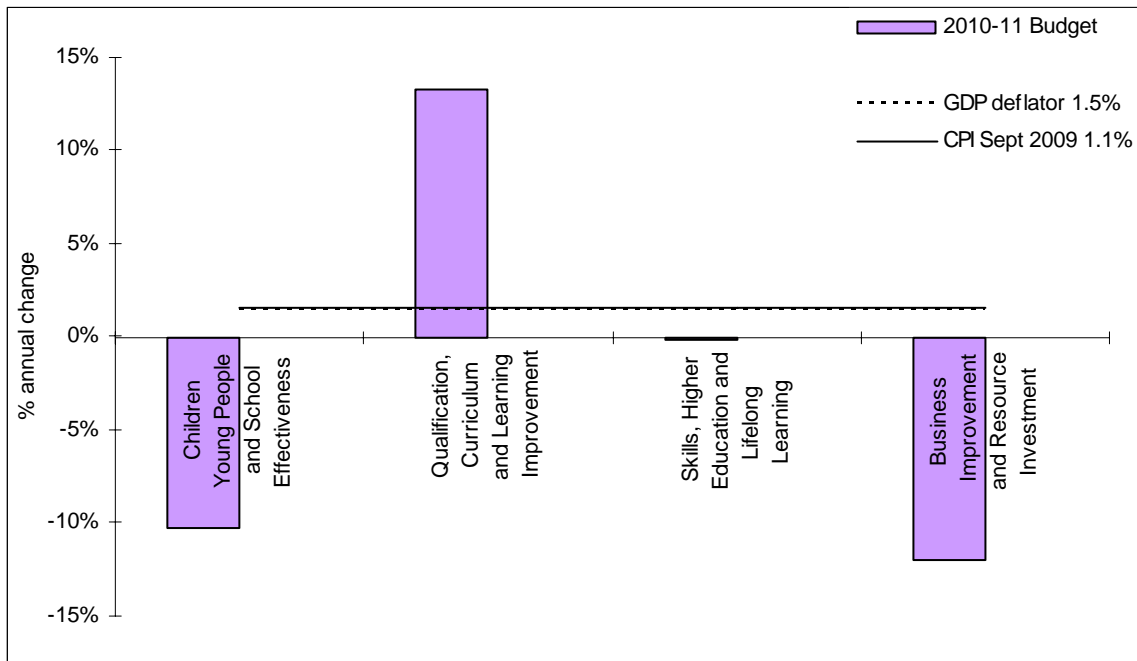
³⁶ £59 million of the reduction in capital funding relates to the bringing forward of capital expenditure from 2010-11 to provide economic stimulus during the economic downturn. It is the effect of a reduction in funding in 2010-11 of £25 million, brought forward to 2009-10 and £9 million brought forward from 2010-11 into 2008-09. The £25 million brought into 2009-10 were within the actions of: Higher Education, £5m; and Capital Improvement in the Business Improvement and Resource Investment SPA, £20 million. A further £8.8 million is due to capital savings as a result of UK fiscal decisions. Thus, accounting for £67.8 million of the £81.9 million reduction.

- £2.7 million into Lifelong Learners and Providers action (in Skills, Higher Education and Lifelong Learning revenue SPA) from Reserve for prisoner education.

In comparison to indicative plans for 2010-11 there have been revenue savings of £26.1 million (1.5 per cent) and capital savings of £8.8 million (3.9 per cent), as detailed in section 5.1.

The Draft Budget Report 2010-11³⁷ states that both Higher Education and the post-16 sector are to receive budgets that will include an average efficiency gain of around **5 per cent**.

Figure 9: Year-on-year changes to CELLS DEL allocation



Source: Members' Research Service calculations from Welsh Government Draft Budget 2010-11.

³⁷ Welsh Government, *Draft Budget Report 2010-11* October 2009. [on 11 November 2009]

Table 14: Children, Education, Lifelong Learning and Skills main expenditure group

Spending Programme Area	2009-10	2010-11	2010-11	Change 2009-	Change 2009-	Real terms ²	Real terms ²	Change	Change
	Supplementary Budget	Indicative Plans ¹	Draft Budget New Plans	10 to 10-11	10 to 2010-11	change 2009-10 to 2010-11	change 2009-10 to 2010-11	11 to draft 2010-11	11 to draft 2010-11
	£000	£000	£000	£000	per cent	£000	per cent	£000	per cent
REVENUE DEL									
Children Young People and School Effectiveness	220,236	207,023	197,305	-22,931	-10.4	-25,847	-11.7	-9,718	-4.7
Qualification, Curriculum and Learning Improvement	141,008	165,165	159,887	18,879	13.4	16,516	11.7	-5,278	-3.2
Skills, Higher Education and Lifelong Learning	1,033,697	1,029,842	1,047,774	14,077	1.4	-1,407	-0.1	17,932	1.7
Business Improvement and Resource Investment	282,875	292,273	287,926	5,051	1.8	796	0.3	-4,347	-1.5
Revenue DEL	1,677,816	1,694,303	1,692,892	15,076	0.9	-9,942	-0.6	-1,411	-0.1
CAPITAL DEL									
Children Young People and School Effectiveness	7,206	7,206	6,806	-400	-5.6	-501	-6.9	-400	-5.6
Qualification, Curriculum and Learning Improvement	80	80	0	-80	-100.0	-80	-100.0	-80	-100.0
Skills, Higher Education and Lifelong Learning	35,505	27,575	19,436	-16,069	-45.3	-16,356	-46.1	-8,139	-29.5
Business Improvement and Resource Investment	222,050	190,850	156,650	-65,400	-29.5	-67,715	-30.5	-34,200	-17.9
Capital DEL	264,841	225,711	182,892	-81,949	-30.9	-84,652	-32.0	-42,819	-19.0
ANNUALLY MANAGED EXPENDITURE									
Skills, Higher Education and Lifelong Learning	163,660	174,266	174,266	10,606	6.5	8,031	4.9	0	0.0
AME	163,660	174,266	174,266	10,606	6.5	8,031	4.9	0	0.0
Revenue DEL	1,677,816	1,694,303	1,692,892	15,076	0.9	-9,942	-0.6	-1,411	-0.1
Capital DEL	264,841	225,711	182,892	-81,949	-30.9	-84,652	-32.0	-42,819	-19.0
Total DEL	1,942,657	1,920,014	1,875,784	-66,873	-3.4	-94,594	-4.9	-44,230	-2.3
Annually Managed Expenditure	163,660	174,266	174,266	10,606	6.5	8,031	4.9	0	0.0
Total Children, Education, Lifelong Learning and Skills	2,106,317	2,094,280	2,050,050	-56,267	-2.7	-86,563	-4.1	-44,230	-2.1

Source: Members' Research Service calculations from Welsh Government Draft Budget 2010-11.

1. From Final Budget 2009-10.

2. Using the GDP deflator to account for inflation, forecast by HM Treasury to be 1.5 per cent for 2010-11.

E. Environment, Sustainability and Housing

Table 15 provides information on the overall allocations proposed within the Environment, Sustainability and Housing (ESH) MEG. Figure 10 shows the year-on-year changes within the ESH MEG. From this information it can be seen that:

- ESH DEL has seen an **overall decrease of 10.4 per cent** (representing £82.9m) when compared to the 2009-10 figure. This consists of an increase of 5.4 per cent (£18.9m) in revenue and a decrease of 22.6 per cent (£101.7m) in capital.³⁸
- In **real** terms, ESH DEL has seen an **overall decrease of 11.7 per cent** (representing £93.5m). This consists of an increase of 3.8 per cent (£13.4m) in revenue and a decrease of 23.7 per cent (£106.9m) in capital.
- There is an increase of £20 million (27.8 per cent) in the AME allocation as compared with 2009-10.
- The draft budget figure for total DEL for 2010-11 is a **decrease of 7.7 per cent** (representing £59.7m) compared to the 2010-11 indicative figures from the Final Budget 2009-10.
- The Climate Change and Sustainability (Revenue) SPA shows the greatest increase both in terms of percentage and cash amount; 13.0 per cent, representing an increase of £13.8m. This is mainly due to the allocation of £9.3m in the Manage and Implement the Waste Strategy and Waste Procurement action.
- The Housing (Capital) SPA shows the highest percentage and cash reduction of 25.1 per cent representing a decrease of £91.4m. This is mainly due to a reduction of £90.0m in the Tackle Homelessness action. This includes a reduction of £28 million in 2010-11 to reflect capital brought forward into 2009-10, thus accounting for £56 million.

There are no transfers detailed in the ESH MEG.

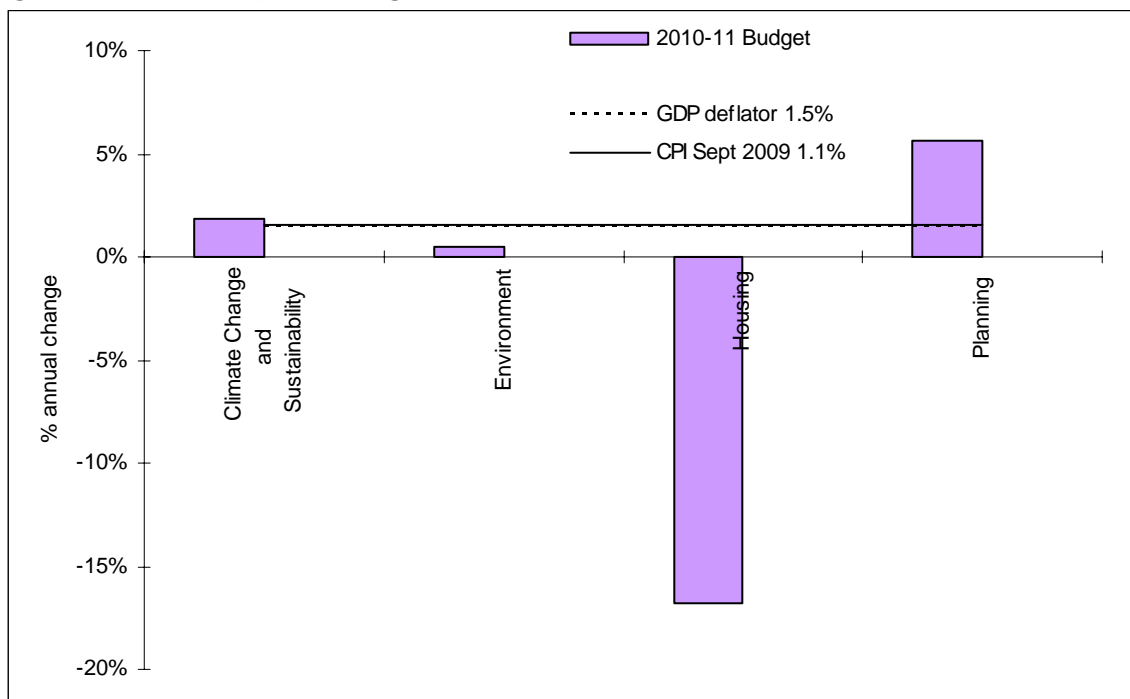
In comparison to 2010-11 there have been revenue savings of £5.9 million (1.6 per cent) and capital savings of £16.8 million (4.2 per cent), as detailed in section 5.1.

³⁸ £68 million of the reduction in capital funding relates to the bringing forward of capital expenditure from 2010-11 to provide economic stimulus during the economic downturn. It is the effect of a reduction in funding in 2010-11 of £28 million, brought forward to 2009-10 and £12 million brought forward from 2010-11 into 2008-09. This bringing forward of capital is stated to be to contribute to meeting the One Wales target of 6,500 affordable homes and thus support the construction and supply industries. All £40 million has been allocated to the Tackle Homelessness action (previously the Housing New Provision BEL) A further £16.8 million is due to capital savings as a result of UK fiscal decisions. Thus, accounting for £84.8 million of the £101.7 million reduction.

The Draft Budget Report 2010-11³⁹ states that the following additional revenue allocations have been made:

- £1 million allocated to fund homelessness;
- £0.7 million to fund energy efficiency;
- £0.8 million for flood risk management;
- £0.37 million for planning; and
- £0.08 million for biodiversity.

Figure 10: Year-on-year changes to ESH DEL allocation



Source: Members' Research Service calculations from Welsh Government Draft Budget 2010-11.

³⁹ Welsh Government, *Draft Budget Report 2010-11* October 2009. [on 11 November 2009]

Table 15: Environment, Sustainability and Housing main expenditure group

Spending Programme Area	2009-10	2010-11	2010-11	Change 2009-	Change 2009-	Real terms ²	Real terms ²	Change	Change
	Supplementary Budget	Indicative Plans ¹	Draft Budget New Plans	10 to 10-11	10 to 2010-11	change 2009-10 to 2010-11	change 2009-10 to 2010-11	indicative 2010-11 to draft 2010-11	indicative 2010-11 to draft 2010-11
	£000	£000	£000	£000	per cent	£000	per cent	£000	per cent
REVENUE DEL									
Climate Change and Sustainability	105,938	122,138	119,710	13,772	13.0	12,003	11.3	-2,428	-2.0
Environment	83,485	83,481	83,963	478	0.6	-763	-0.9	482	0.6
Housing	153,169	158,615	157,347	4,178	2.7	1,853	1.2	-1,268	-0.8
Planning	7,641	7,761	8,074	433	5.7	314	4.1	313	4.0
Revenue DEL	350,233	371,995	369,094	18,861	5.4	13,406	3.8	-2,901	-0.8
CAPITAL DEL									
Climate Change and Sustainability	77,585	69,665	67,220	-10,365	-13.4	-11,358	-14.6	-2,445	-3.5
Environment	8,259	8,259	8,259	0	0.0	-122	-1.5	0	0.0
Housing	364,441	327,441	273,079	-91,362	-25.1	-95,398	-26.2	-54,362	-16.6
Planning	0	0	0	0	..	0	..	0	..
Capital DEL	450,285	405,365	348,558	-101,727	-22.6	-106,878	-23.7	-56,807	-14.0
ANNUALLY MANAGED EXPENDITURE									
Housing	-72,000	-56,000	-52,000	20,000	27.8	20,768	-28.8	4,000	-7.1
AME	-72,000	-56,000	-52,000	20,000	27.8	20,768	-28.8	4,000	-7.1
Revenue DEL	350,233	371,995	369,094	18,861	5.4	13,406	3.8	-2,901	-0.8
Capital DEL	450,285	405,365	348,558	-101,727	-22.6	-106,878	-23.7	-56,807	-14.0
Total DEL	800,518	777,360	717,652	-82,866	-10.4	-93,472	-11.7	-59,708	-7.7
Annually Managed Expenditure	-72,000	-56,000	-52,000	20,000	27.8	20,768	-28.8	4,000	-7.1
Total - Environment, Sustainability and Housing	728,518	721,360	665,652	-62,866	-8.6	-72,703	-10.0	-55,708	-7.7

Source: Members' Research Service calculations from Welsh Government Draft Budget 2010-11.

1. From Final Budget 2009-10.
2. Using the GDP deflator to account for inflation, forecast by HM Treasury to be 1.5 per cent for 2010-11.

F. Rural Affairs

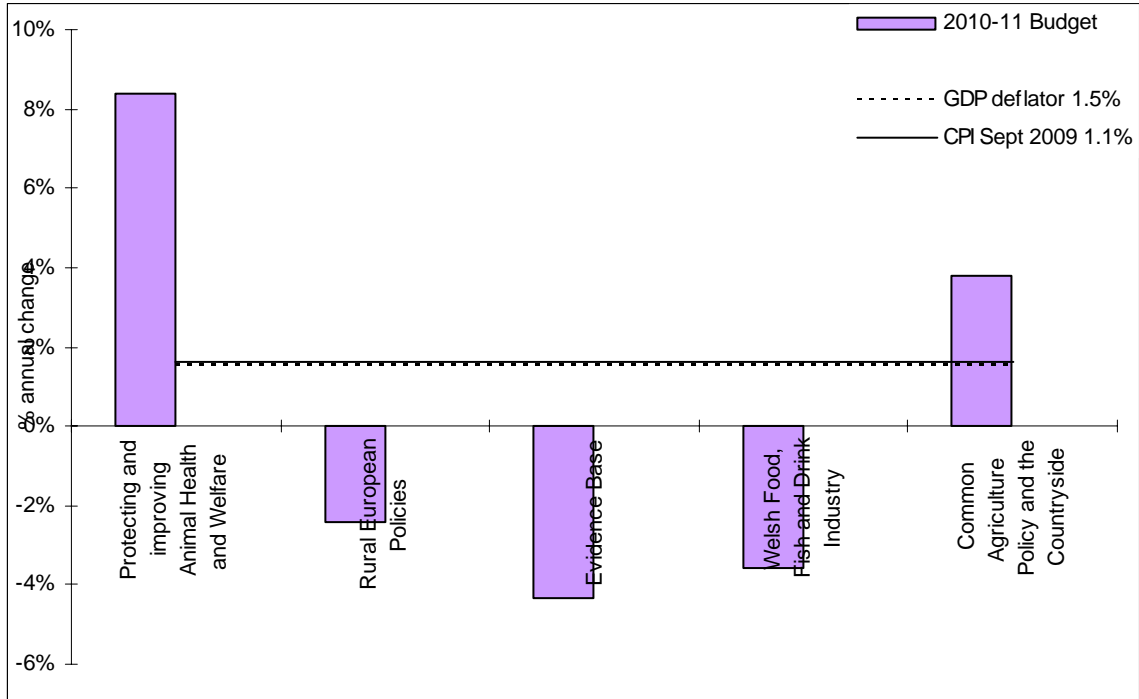
Table 16 provides information on the overall allocations proposed within the Rural Affairs (RA) MEG. Figure 11 shows the year-on-year changes within the RA MEG. From this information it can be seen that:

- Rural Affairs DEL has seen an **overall increase of 0.5 per cent** (representing £0.8m) when compared to the 2009-10 figure. This consists of an increase of 1.2 per cent (£1.6m) in revenue and a decrease of 4.6 per cent (£0.8m) in capital.
- In **real** terms, Rural Affairs DEL has seen an **overall decrease of 1.0 per cent** (representing £1.5m). This consists of a decrease of 0.3 per cent (£0.4m) in revenue and a decrease of 6.0 per cent (£1.1m) in capital.
- There are no AME allocations.
- The draft budget figure for 2010-11 is a **decrease of 1.8 per cent** (representing £2.9m) compared to the 2010-11 indicative figures from the Final Budget 2009-10.
- The Protecting and Improving Animal Health and Welfare (Revenue) SPA shows the greatest percentage and cash increase; 8.4 per cent, representing an increase of £2.0m. This is due to an allocation of £2.0m in the action of the same name.
- The Rural European Policies (Capital) SPA shows the highest percentage reduction of 5.0 per cent representing a decrease of £0.8m. This is due to a reduction of £0.8m in the action of Delivering the Programmes within the Rural Development Plan.
- The Rural European Policies (Revenue) SPA shows a decrease of £1.3m (1.8 per cent). This is mainly due to a reduction of £2.5m to the Making Payments in Accordance with EU and WAG rules action, which is partially offset by an increase of £1.2m in the Delivering the Programmes within the Rural Development Plan action.

There are no transfers detailed in the RA MEG.

In comparison to 2010-11 there have been revenue savings of £2 million (1.5 per cent) and capital savings of £0.8 million (4.6 per cent), as detailed in section 5.1.

Figure 11: Year-on-year changes to RA DEL allocation



Source: Members' Research Service calculations from Welsh Government Draft Budget 2010-11.

Table 16: Rural Affairs main expenditure group

Spending Programme Area	2009-10	2010-11	2010-11	Change 2009-	Change 2009-	Real terms ²	Real terms ²	Change	Change
	Supplementary Budget	Indicative Plans ¹	Draft Budget New Plans	10 to 10-11	10 to 2010-11	change 2009-10 to 2010-11	change 2009-10 to 2010-11	11 to draft 2010-11	11 to draft 2010-11
	£000	£000	£000	£000	per cent	£000	per cent	£000	per cent
REVENUE DEL									
Protecting and improving Animal Health and Welfare	23,203	25,303	25,153	1,950	8.4	1,578	6.8	-150	-0.6
Rural European Policies	70,327	69,701	69,054	-1,273	-1.8	-2,294	-3.3	-647	-0.9
Evidence Base	1,115	1,115	1,065	-50	-4.5	-66	-5.9	-50	-4.5
Welsh Food, Fish and Drink Industry	6,994	7,139	6,689	-305	-4.4	-404	-5.8	-450	-6.3
Common Agriculture Policy and the Countryside	33,196	35,196	34,446	1,250	3.8	741	2.2	-750	-2.1
Revenue DEL	134,835	138,454	136,407	1,572	1.2	-444	-0.3	-2,047	-1.5
CAPITAL DEL									
Rural European Policies	16,179	16,179	15,372	-807	-5.0	-1,034	-6.4	-807	-5.0
Evidence Base	38	38	38	0	0.0	-1	-1.5	0	0.0
Welsh Food, Fish and Drink Industry	1,524	1,524	1,524	0	0.0	-23	-1.5	0	0.0
Common Agriculture Policy and the Countryside	-205	-205	-205	0	0.0	3	-1.5	0	0.0
Capital DEL	17,536	17,536	16,729	-807	-4.6	-1,054	-6.0	-807	-4.6
Revenue DEL	134,835	138,454	136,407	1,572	1.2	-444	-0.3	-2,047	-1.5
Capital DEL	17,536	17,536	16,729	-807	-4.6	-1,054	-6.0	-807	-4.6
Total DEL	152,371	155,990	153,136	765	0.5	-1,498	-1.0	-2,854	-1.8
Annually Managed Expenditure	0	0	0	0	..	0	..	0	..
Total - Rural Affairs	152,371	155,990	153,136	765	0.5	-1,498	-1.0	-2,854	-1.8

Source: Members' Research Service calculations from Welsh Government Draft Budget 2010-11.

1. From Final Budget 2009-10.

2. Using the GDP deflator to account for inflation, forecast by HM Treasury to be 1.5 per cent for 2010-11.

G. Heritage

Table 17 provides information on the overall allocations proposed within the Heritage (HER) MEG. Figure 12 shows the year-on-year changes within the HER MEG. From this information it can be seen that:

- Heritage DEL has seen an **overall increase of 0.02 per cent** (representing £30,000) when compared to the 2009-10 figure. This consists of an increase of 1.5 per cent (£2.2m) in revenue and a decrease of 12.6 per cent (£2.2m) in capital.
- In **real** terms, Heritage DEL has seen an **overall decrease of 1.5 per cent** (representing £2.4m). This consists of an increase of 0.02 per cent (£27,000) in revenue and a decrease of 13.9 per cent (£2.4m) in capital.
- There are no changes to the AME allocation.
- The draft budget figure for total DEL for 2010-11 is an **increase of 0.1 per cent** (representing £0.1m) compared to the 2010-11 indicative figures from the Final Budget 2009-10.
- The Support and sustain a strong arts sector via the Arts Council and others (Revenue) SPA shows the greatest percentage and cash increase; 2.9 per cent, representing an increase of £1.0m. This is due to the allocation of £1.0m in the action of the same name.
- The Support and sustain a strong arts sector via the Arts Council and others (Capital) SPA shows the highest percentage and cash reduction of 53.5 per cent representing a decrease of £1.3m. This is due to a reduction of £1.3m in the action of the same name.

There are no transfers detailed in the RA MEG.

In comparison to 2010-11 there have been revenue savings of £2.1 million (1.5 per cent) and capital savings of £0.7 million (4.6 per cent), as detailed in section 5.1.

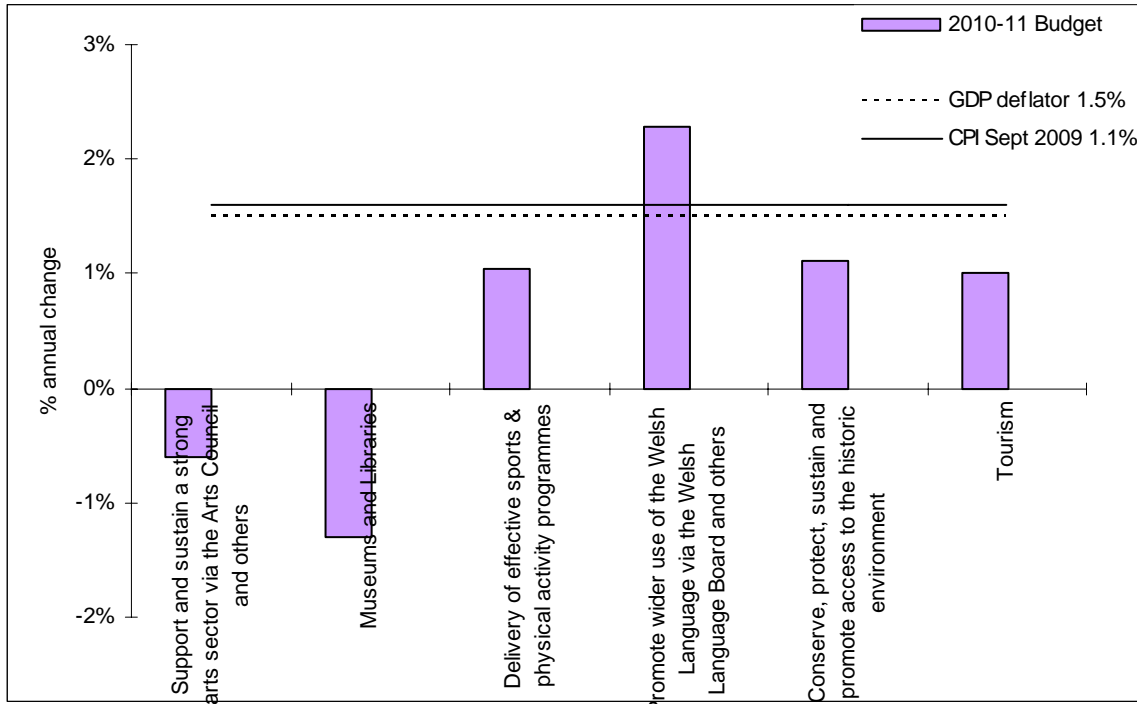
The Draft Budget Report 2010-11⁴⁰ states that £3 million in additional revenue allocations have been made in support of:

- restructuring of Assembly Government Sponsored Bodies (AGSBs) to ensure they can deliver One Wales commitments;
- additional funding for revenue funded arts organisations;
- a Welsh Books Council programme targeted at improving the competitiveness of publishers;

⁴⁰ Welsh Government, *Draft Budget Report 2010-11* October 2009. [on 11 November 2009]

- strengthening the contribution of Visit Wales to preparations for the Ryder Cup; and
- specific projects targeted at modernising work arrangements within the heritage sector.

Figure 12: Year-on-year changes to Heritage DEL allocation



Source: Members' Research Service calculations from Welsh Government Draft Budget 2010-11.

Table 17: Heritage main expenditure group

Spending Programme Area	2009-10	2010-11	2010-11	Change 2009-	Change 2009-	Real terms ²	Real terms ²	Change	Change
	Supplementary Budget	Indicative Plans ¹	Draft Budget New Plans	10 to 10-11	10 to 2010-11	change 2009-10 to 2010-11	change 2009-10 to 2010-11	11 to draft 2010-11	11 to draft 2010-11
	£000	£000	£000	£000	per cent	£000	per cent	£000	per cent
REVENUE DEL									
Support and sustain a strong arts sector via the Arts Council and others	35,751	35,735	36,780	1,029	2.9	485	1.4	1,045	2.9
Museums and Libraries	46,295	46,843	46,664	369	0.8	-321	-0.7	-179	-0.4
Delivery of effective sports & physical activity programmes	26,852	27,531	27,145	293	1.1	-108	-0.4	-386	-1.4
Promote wider use of the Welsh Language via the Welsh Language Board and others	17,545	17,699	17,949	404	2.3	139	0.8	250	1.4
Conserve, protect, sustain and promote access to the historic environment	5,789	5,769	5,769	-20	-0.3	-105	-1.8	0	0.0
Tourism	12,934	12,930	13,064	130	1.0	-63	-0.5	134	1.0
Revenue DEL	145,166	146,507	147,371	2,205	1.5	27	0.0	864	0.6
CAPITAL DEL									
Support and sustain a strong arts sector via the Arts Council and others	2,345	1,819	1,090	-1,255	-53.5	-1,271	-54.2	-729	-40.1
Museums and Libraries	7,672	6,602	6,602	-1,070	-13.9	-1,168	-15.2	0	0.0
Delivery of effective sports & physical activity programmes	1,170	1,170	1,170	0	0.0	-17	-1.5	0	0.0
Promote wider use of the Welsh Language via the Welsh Language Board and others	125	125	125	0	0.0	-2	-1.5	0	0.0
Conserve, protect, sustain and promote access to the historic environment	5,985	6,135	6,135	150	2.5	59	1.0	0	0.0
Capital DEL	17,297	15,851	15,122	-2,175	-12.6	-2,398	-13.9	-729	-4.6
ANNUALLY MANAGED EXPENDITURE									
Museums and Libraries	21,754	16,024	21,754	0	0.0	-321	-1.5	5,730	35.8
AME	21,754	16,024	21,754	0	0.0	-321	-1.5	5,730	35.8
Revenue DEL	145,166	146,507	147,371	2,205	1.5	27	0.0	864	0.6
Capital DEL	17,297	15,851	15,122	-2,175	-12.6	-2,398	-13.9	-729	-4.6
Total DEL	162,463	162,358	162,493	30	0.0	-2,371	-1.5	135	0.1
Annually Managed Expenditure	21,754	16,024	21,754	0	0.0	-321	-1.5	5,730	35.8
Total - Heritage	184,217	178,382	184,247	30	0.0	-2,693	-1.5	5,865	3.3

Source: Members' Research Service calculations from Welsh Government Draft Budget 2010-11.

1. From Final Budget 2009-10.

2. Using the GDP deflator to account for inflation, forecast by HM Treasury to be 1.5 per cent for 2010-11.

H. Public Services and Performance

Table 18 provides information on the overall allocations proposed within the Public Services and Performance (PSP) MEG. Figure 13 shows the year-on-year changes within the PSP MEG. From this information it can be seen that:

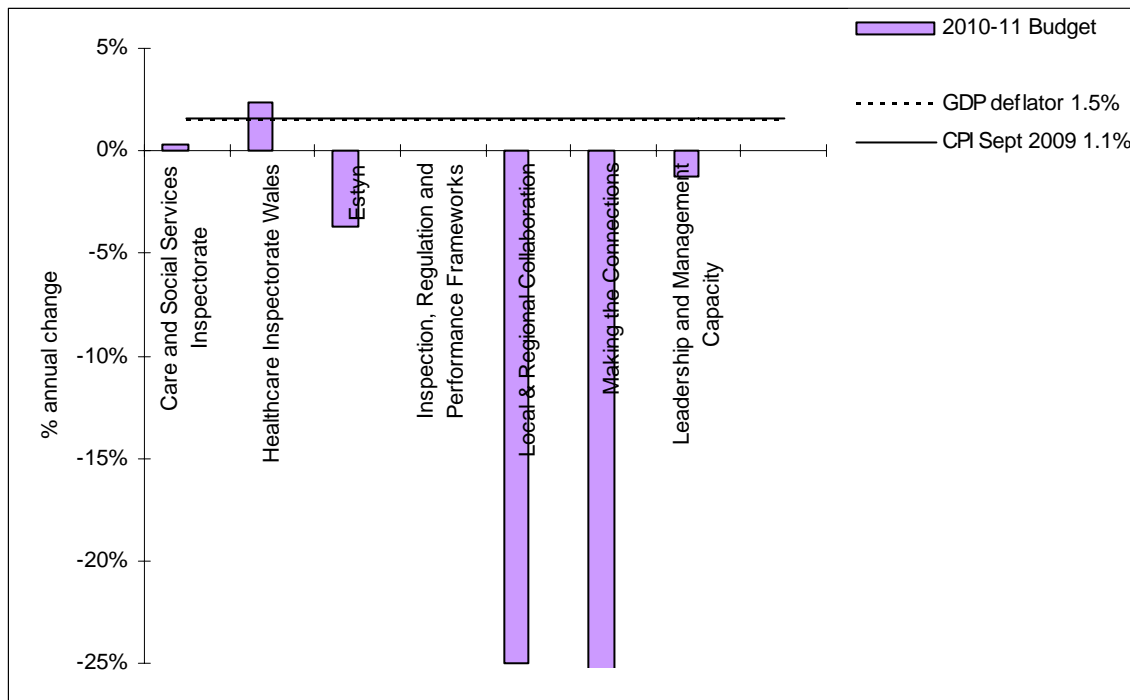
- PSP DEL has seen an **overall decrease of 7.8 per cent** (representing £4.7m) when compared to the 2009-10 figure. This consists of a decrease of 7.8 per cent (£4.6m) in revenue and a decrease of 4.5 per cent (£20,000) in capital.
- In **real** terms, PSP DEL has seen an **overall decrease of 9.2 per cent** (representing £5.5m). This consists of a decrease of 9.2 per cent (£5.4m) in revenue and a decrease of 5.9 per cent (£26,000) in capital.
- There are no AME allocations.
- The draft budget figure for total DEL for 2010-11 is a **decrease of 8.3 per cent** (representing £5.0m) compared to the 2010-11 indicative figures from the Final Budget 2009-10.
- The Healthcare Inspectorate Wales (Revenue) SPA shows the greatest percentage increase; 2.3 per cent, representing an increase of £68,000. This is due to the allocation of £68,000 in the action of the same name.
- In cash terms the greatest increase is seen in the Care and Social Services Inspectorate (Revenue) SPA which increased by £0.1m (representing 0.3 per cent). This is due to the allocation of £0.1m in the action of the same name.
- The Making the Connections (Revenue) SPA shows the highest percentage and cash reduction of 47.7 per cent representing a decrease of £4.1m. This is due to a transfer of £4.1m from the action of the same name, to the CSA MEG.

The following transfer have been made in the PSP MEG:

- £4.1m from Making the Connections revenue action to the Central Services and Administration MEG, this follows the transfer of Value Wales from PSP to the Finance department.

In comparison to indicative plans for 2010-11 there have been revenue savings of £0.95m (1.6 per cent), and capital savings of £20,000 (4.5 per cent), as detailed in section 5.1.

Figure 13: Year-on-year changes to PSP DEL allocation



Source: Members' Research Service calculations from Welsh Government Draft Budget 2010-11.
 Note: any changes over 25% are not shown as axis limits are set at 25%.

Table 18: Public Services and Performance main expenditure group

Spending Programme Area	2009-10	2010-11	2010-11	Change 2009-	Change 2009-	Real terms ²	Real terms ²	Change	Change
	Supplementary Budget	Indicative Plans ¹	Draft Budget New Plans	10 to 10-11	10 to 2010-11	change 2009-10 to 2010-11	change 2009- 10 to 2010- 11	11 to draft 2010- 11	11 to draft 2010- 11
	£000	£000	£000	£000	per cent	£000	per cent	£000	per cent
REVENUE DEL									
Care and Social Services Inspectorate	30,867	31,211	30,959	92	0.3	-366	-1.2	-252	-0.8
Healthcare Inspectorate Wales	2,895	2,963	2,963	68	2.3	24	0.8	0	0.0
Estyn	14,592	14,555	14,055	-537	-3.7	-745	-5.1	-500	-3.4
Inspection, Regulation and Performance Frameworks	650	650	650	0	0.0	-10	-1.5	0	0.0
Local & Regional Collaboration	480	479	360	-120	-25.0	-125	-26.1	-119	-24.8
Making the Connections	8,645	8,640	4,521	-4,124	-47.7	-4,191	-48.5	-4,119	-47.7
Leadership and Management Capacity	1,211	1,208	1,196	-15	-1.2	-33	-2.7	-12	-1.0
Revenue DEL	59,340	59,706	54,704	-4,636	-7.8	-5,444	-9.2	-5,002	-8.4
CAPITAL DEL									
Estyn	445	445	425	-20	-4.5	-26	-5.9	-20	-4.5
Capital DEL	445	445	425	-20	-4.5	-26	-5.9	-20	-4.5
Revenue DEL	59,340	59,706	54,704	-4,636	-7.8	-5,444	-9.2	-5,002	-8.4
Capital DEL	445	445	425	-20	-4.5	-26	-5.9	-20	-4.5
Total DEL	59,785	60,151	55,129	-4,656	-7.8	-5,471	-9.2	-5,022	-8.3
Annually Managed Expenditure	0	0	0	0	..	0	..	0	..
Total - Public Services and Performance	59,785	60,151	55,129	-4,656	-7.8	-5,471	-9.2	-5,022	-8.3

Source: Members' Research Service calculations from Welsh Government Draft Budget 2010-11.

1. From Final Budget 2009-10.

2. Using the GDP deflator to account for inflation, forecast by HM Treasury to be 1.5 per cent for 2010-11.

I. Central Services and Administration

Table 19 provides information on the overall allocations proposed within the Central Services and Administration (CSA) MEG. Figure 14 shows the year-on-year changes within the CSA MEG. From this information it can be seen that:

- CSA DEL has seen an **overall increase of 0.5 per cent** (representing £1.9m) when compared to the 2009-10 figure. This consists of an increase of 1.7 per cent (£5.9m) in revenue and a decrease of 10.0 per cent (£4.0m) in capital.
- In **real terms**, CSA DEL has seen an **overall decrease of 1.0 per cent** (representing £4.0m). This consists of an increase of 0.2 per cent (£0.6m) in revenue and a decrease of 11.3 per cent (£4.5m) in capital.
- There are no AME allocations.
- The draft budget figure for 2010-11 is a **decrease of 2.0 per cent** (representing £8.1m) compared to the 2010-11 indicative figures from the Final Budget 2009-10.
- The Ministerial Services (Revenue) SPA shows the greatest percentage increase; 22.4 per cent, representing an increase of £2.5m. This is mainly due to the transfer in of actions from the PSP MEG including Xchange Wales £3.3m and International Relations £1.6m as well as a number of movements across a range of actions.
- In cash terms the greatest increase is seen in the Staff Costs and Salaries (Revenue) SPA which increased by £4.2m (representing 1.7 per cent). This is mainly due to the increase of £4.1m in the Staff Costs action.
- The Match Funding (Capital) SPA shows the highest percentage and cash reduction of 16.0 per cent representing a decrease of £4.0m. This is due to a reduction of £4.1m in the action of the same name. This is stated to be due to lower than anticipated demand on the Targeted Match Funding capital budget, although it is stated that it is anticipated that all European Funding will be used during the programme period.⁴¹

The following transfers have been made in the CSA MEG:

- £5.7m has been transferred into the Ministerial Services (Revenue) SPA: £4.1m from the PSP MEG for X-change Wales (£3.3m), Value Wales (£0.5m) and Improvement Fund (VW) (£0.2m); and £1.6m from the ET MEG for International Relations.

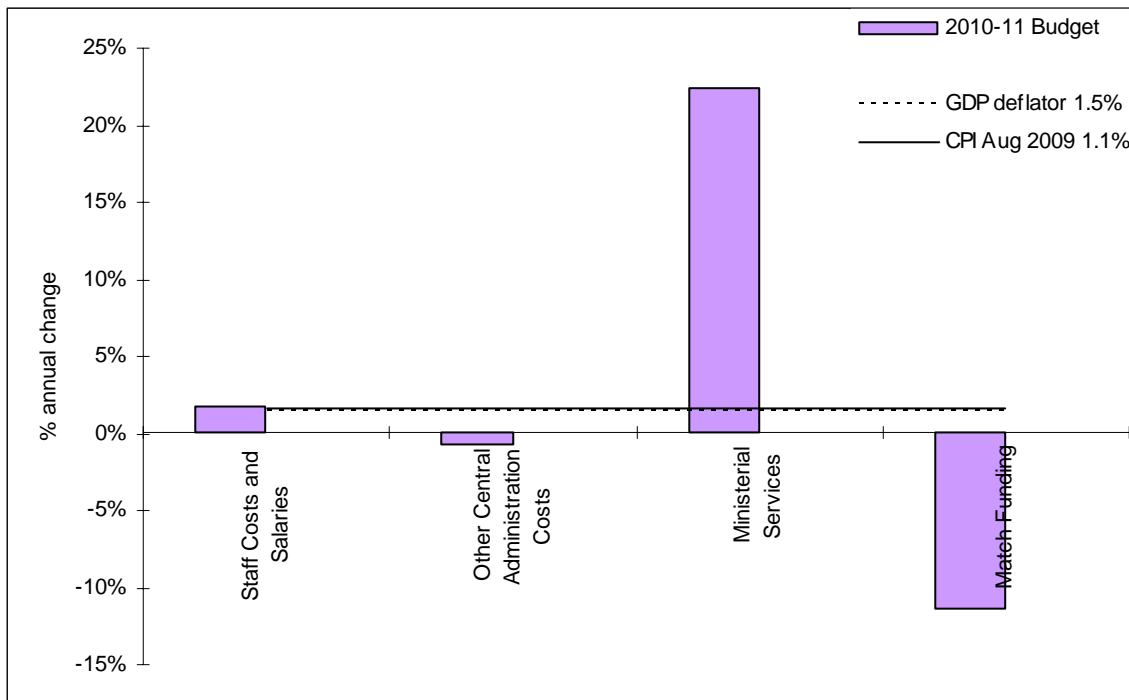
⁴¹ Welsh Government, *Draft Budget Report 2010-11* October 2009. [on 11 November 2009]

- £0.9m has also been transferred from the Ministerial Services (Revenue) SPA relating to Equality into the SJLG MEG.

In comparison to indicative plans for 2010-11 there have been revenue savings of £5.5 million (1.5 per cent), and capital savings of £9m (20 per cent)⁴² as detailed in section 5.1.

The Draft Budget Report 2010-11⁴³ states that there has been an additional allocation of £1.6m for the replacement of the Living In Wales survey.

Figure 14: Year-on-year changes to CSA DEL allocation



Source: Members' Research Service calculations from Welsh Government Draft Budget 2010-11.

⁴² Mainly due to the lower than anticipated demand for the Match Funding capital budget.

⁴³ Welsh Government, *Draft Budget Report 2010-11* October 2009. [on 11 November 2009]

Table 19: Central Services and Administration main expenditure group

Spending Programme Area	2009-10	2010-11	2010-11	Change 2009-	Change 2009-	Real terms ²	Real terms ²	Change	Change
	Supplementary Budget	Indicative Plans ¹	Draft Budget New Plans	10 to 10-11	10 to 2010-11	change 2009-10 to 2010-11	change 2009- 10 to 2010- 11	indicative 2010- 11 to draft 2010- 11	indicative 2010- 11 to draft 2010- 11
	£000	£000	£000	£000	per cent	£000	per cent	£000	per cent
REVENUE DEL									
Staff Costs and Salaries	241,561	246,977	245,738	4,177	1.7	545	0.2	-1,239	-0.5
Other Central Administration Costs	92,480	94,056	91,674	-806	-0.9	-2,161	-2.3	-2,382	-2.5
Ministerial Services	11,236	9,215	13,753	2,517	22.4	2,314	20.6	4,538	49.2
Match Funding	10,000	10,000	10,000	0	0.0	-148	-1.5	0	0.0
Revenue DEL	355,277	360,248	361,165	5,888	1.7	551	0.2	917	0.3
CAPITAL DEL									
Central Administration Capital	15,033	15,033	15,033	0	0.0	-222	-1.5	0	0.0
Match Funding	25,000	30,000	21,000	-4,000	-16.0	-4,310	-17.2	-9,000	-30.0
Capital DEL	40,033	45,033	36,033	-4,000	-10.0	-4,533	-11.3	-9,000	-20.0
Revenue DEL	355,277	360,248	361,165	5,888	1.7	551	0.2	917	0.3
Capital DEL	40,033	45,033	36,033	-4,000	-10.0	-4,533	-11.3	-9,000	-20.0
Total DEL	395,310	405,281	397,198	1,888	0.5	-3,982	-1.0	-8,083	-2.0
Annually Managed Expenditure	0	0	0	0	..	0	..	0	..
Total - Central Services and Administration	395,310	405,281	397,198	1,888	0.5	-3,982	-1.0	-8,083	-2.0

Source: Members' Research Service calculations from Welsh Government Draft Budget 2010-11.

1. From Final Budget 2009-10.

2. Using the GDP deflator to account for inflation, forecast by HM Treasury to be 1.5 per cent for 2010-11.

