

Communities and Culture Committee

Date: 24 November 2010

Time: 10.20am to 11.00am

Title: Evidence paper - Department for Social Justice and Local Government, Draft Budget Allocations for 2011-12.

1. Introduction

This paper provides comments and information to the Committee regarding the Department for Social Justice and Local Government's future programme budget proposals outlined within the Draft Budget which was laid on 17 November 2010. It covers those areas included in the remit of the Communities and Culture Committee, namely community safety and community inclusion including Communities First.

2. Background

As part of the 2011-12 Draft Budget, revenue funding in the Social Justice and Local Government Main Expenditure Group (MEG) by 2013-14 will reduce by £24.4 million by the financial year 2013-14 when compared to the 2010-11 baseline position. Although there is a revenue reduction of 1.7% in 2011-12, this is followed by a 0.1% uplift in 2012-13 and a 1.1% uplift in 2013-14. The capital budget by 2013-14 has decreased by £18.006 million compared to 2010-11 which is a reduction of 34% resulting from the impact of UK fiscal decisions.

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

Summary Financial Table:

	2010-11	2011-12	2012-13	2013-14
Revenue DEL	4,406,846	4,330,899	4,333,266	4,382,460
% Change		-1.7%	0.1%	1.1%
Capital DEL	53,095	42,319	39,363	35,089
% Change		-20.3%	-7.0%	-10.9%
DEL Baseline	4,459,941	4,373,218	4,372,629	4,417,499
% Change		-1.9%	-0.01%	1.0%

£000

3. Budget Overview

The Department for Social Justice and Local Government's spending priorities are closely aligned to the Assembly Government's commitments in One Wales and are based on the budget criteria set out by the Cabinet. As such, the focus is on protecting front line services and, in particular, services to the most vulnerable in our society.

The Revenue Support Grant (RSG), the main element of funding for Local Authorities, includes the necessary resources to deliver a 1% protection to the reduction in the Assembly's block grant. This reflects the First Minister's commitment to protect education in order to ensure improved outcomes for Welsh children. In addition, the funding for local authority social services has also received an equivalent level of protection within the RSG in recognition of the major pressures local authorities face in this area.

The remaining budgets within the SJLG MEG contribute to a wide range of strategic aims and objectives. Our aim during the budget planning process has been to ensure that we have the necessary resources in place to deliver both long term investment together with short term, ameliorative interventions against the following outcomes:

Poverty in Wales is reduced – through a wide range of measures including the implementation of the Financial Inclusion Strategy and Communities First.

People live in safe, vibrant, inclusive urban and rural communities - delivering the Domestic Abuse and Violence Against Women Strategy and Delivery Plan, improving the resilience of the Welsh Fire & Rescue Services, and taking forward a number of strategies including Refugee Inclusion, Gypsy Traveller, Community Cohesion and Digital Inclusion. In addition, we support the Third Sector in Wales, and are currently consulting on the specific public sector equality duties for Wales.

Communities are regenerated across Wales – delivering all-Wales community development programmes such as Communities First and physical regeneration through the Communities Facilities and Activities Programme and Community Asset Transfer. We're also developing social enterprise.

Public services are citizen-centred, effective and value for money - delivering performance improvement by embedding a new understanding and relationship with local government and implementing a programme of Outcome Agreements.

However there are still significant pressures on Social Justice and Local Government's budget and tough decisions will continue to have to be made between competing priorities. It is therefore extremely important that we continue to drive efficiency savings and maximise the impact of our resources.

4. Revenue Allocations

The local government revenue elements of the SJLG MEG account for £4.2 billion in 2011-12. The remainder of the MEG is allocated to community safety, supporting communities and equality, diversity and inclusion. The main areas of revenue spending for 2011-12 are set out below.

Safer Communities

The **Domestic Violence** budget has grown significantly since 2006-07 when it stood at just under £2 million. The budget has been protected from any reductions and will continue at £3.66 million. This demonstrates our commitment to *The Right to be Safe*, which is our 6 year integrated strategy for tackling all forms of violence against women. Some £2.6 million is ongoing funding provided mainly to third sector organisations such as Welsh Women's Aid, BAWSO and local domestic abuse service providers across Wales. An additional £1m was announced in March 2010 as part of *The Right to be Safe* launch.

The **Fire and Rescue Services Resilience** budget provides support outside of RSG for resilience and other major Fire and Rescue Service (FRS) projects and will be reduced by £1.17 million. These savings can be attributed to natural reductions in support for the Firelink programme as it reaches maturity and will not impact the FRS generally. The future budget provides for the additional revenue costs of running the Firelink system which is now fully operational.

The **Fire and Rescue Services National Framework** budget provides funding for a range of fire prevention and community safety initiatives. Savings of £58k, £108k and £208k will be delivered over the period. This coincides with the cessation of a number of existing grant schemes and the move to more targeted interventions by Fire and Rescue Authorities. Initiatives such as Home Fire Safety Checks, tackling arson and working with young people will continue.

In assessing the potential impact in terms of equality, the **Community Cohesion** budget of £200k has been maintained.

Supporting Communities and People

Funding for the current **Communities First** Programme is committed until March 2012. In the main this supports the core infrastructure of Communities First Partnerships but also some Communities First Outcomes Fund Projects. The budget of £45.1 million has therefore been kept at the same level in 2011-12. In terms of the programme post March 2012, the Department has been gathering evidence and best practice in order to inform the direction of a future programme to succeed Communities First. This work has taken into account a number of factors, including the findings of the Wales Audit Office and Public Accounts

Committee reports of July 2009 and February 2010 respectively and also findings from similar programmes around the UK and Ireland.

The **Digital Inclusion** budget of £1 million provides match funding for the Communities 2.0 Digital Inclusion initiative which follows on from the Communities @One programme which concluded in March 2009. It is a six year initiative with a £19.9 million budget and aims through community groups, third sector organisations and enterprises to engage people and support them to exploit technologies for economic outcomes.

The **Social Enterprise budget** faces reductions of 2.9% in 2011-12. Further savings will be delivered in 2012-13 and 2013-14 as a result of the Post Office Diversification Fund (PODF) coming to an end in March 2012. Both the October 2010 and April 2011 rounds will provide capital funding only releasing £500k revenue by 2013-14. An independent evaluation of PODF in 2011 will inform the future funding of post office policy as it affects Wales. The Social Enterprise budget will continue to fund a number of programmes and organisations, including match funding for the £7.2 million Social Enterprise Support convergence project, and resources for a loan fund administered by the WCVA for social enterprises wishing to build capacity to deliver public services.

Savings of 9.7% over the period have been applied to the **Financial Inclusion** budget prior to the transfer in of £2 million from the Council Tax Benefit Schemes budget which will create a consolidated budget for a range of advice services. Streamlining, not cutting existing services will ensure that we get more for less without impacting on individuals. The Financial Inclusion budget will continue to fund a number of programmes and organisations such as the £3.4 million being provided from October 2010 to September 2013 to support the continued growth and sustainability of credit unions in Wales.

The **Third Sector** budget faces an 11% reduction in 2011-12 which will be achieved by the cessation of Wales The Active Communities Programme and also the Millennium Volunteers Programme. This will reduce the number of volunteering schemes and deliver a package of support that will in 2011-12 onwards offer savings of £1.168 million on support levels in 2010-11. Further savings in 2013-14 will need to be found by looking at savings related to the Infrastructure Fund and core funding for other organisations. We have worked with our third sector partners, issuing a joint letter with the Welsh Council for Voluntary Action about the process to set the Welsh Assembly Budget and the implications for the third sector.

Equality, Diversity and Inclusion

Funding will continue to be channelled towards projects managed by mainly small third sector and community organisations. It is not envisaged that the

proposed level of budget adjustments will have any significant impact on equality groups.

5. Capital Allocations

Given the important role local government plays in funding and delivering capital programmes, the General Capital Funding budget of £20 million has been protected year on year. In order to provide a balanced capital budget, savings have focused on other areas including those outlined below.

Safer Communities

While there is no reduction in the level of funding against the **Domestic Violence** budget in 2011-12, there are decreases in subsequent years. However, based on the fact that we have been able to fully meet additional demands for capital funding in previous years, over and above the published baseline figures, there is no reason to believe that this shouldn't continue in future years. We are confident that good in-year budget management across the MEG will allow us to fund well evidenced capital projects should they arise.

The **Fire and Rescue Services Resilience** budget will reduce from £7.4 million in 2010-11 to £1 million in 2011-12. While these are disproportionate to overall MEG reductions, they can be attributed however to natural reductions in support for the New Dimension programme as it reaches maturity and will not have an impact on the Fire and Rescue Service generally.

The **Fire and Rescue Services National Framework** budget is being maintained at its current level. Proposals were agreed in February 2010 to change the funding of preventative capital provision for the Fire and Rescue Service. The new arrangements will see block allocations made to FRAs to take forward specific FRA objectives and the wider community safety agenda. Funding from this budget provides for equipment such as smoke alarms to support Home Fire Safety Checks.

Supporting Communities and People

The **Communities First** budget of £1 million is being deleted. There are no commitments in 2010-11 or beyond against this budget.

The **Community Development** budget consists of the Communities Facilities and Activities Programme and the Community Asset Transfer Fund. While the budget will reduce by 45% over the period, we are confident that there will still be sufficient capital available in future years to maintain the CFAP programme, albeit at a reduced level. Consideration will need to be given to the frequency of bidding rounds along with a review of the existing assessment criteria. There

should also be capital available to provide the BIG Lottery with funding to continue with the Community Asset Transfer Fund.

The **Social Enterprise** budget consists of capital funding for the Post Office Diversification Fund. Although Royal Mail and Post Office issues are non devolved, the Assembly Government has always recognised the social importance of the post office network and has focused its policies on helping to sustain the network at its current size. However, given the current financial climate, PODF will come to an end in March 2012. Both the October 2010 and April 2011 rounds will be held as capital only. An independent evaluation of PODF in 2011 will inform the future funding of post office policy as it affects Wales.

Equality, Diversity and Inclusion

The **Gypsy and Travellers** budget is for capital programmes designed to assist local authorities in the refurbishment of existing Gypsy and Traveller sites to bring them up to a decent habitable standard (as outlined in the Gypsy and Traveller site design guidance) and the new sites programme is for the establishment of new Gypsy and Traveller sites. The 40% reduction over the period takes into account historic underspends against this budget and the capital reductions being imposed by the UK Government. This will contribute the necessary reductions over the period while still offering a realistic programme of Gypsy and Traveller site refurbishment and new site development in future years.



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