

# Finance Committee

FIN(3)-01-08 Paper 1 annex 2 : 16 January 2007

## Explanatory Note on Final Budget

The Assembly Government today table the Final Budget for 2008-09 in accordance with Standing Order 27. The Final Budget corresponds closely with the Draft Budget, published on 5 November. Consultation since November has confirmed that it provides a sound basis for delivering the Assembly Government's "One Wales" programme.

There are two significant changes from the plans set out in the Draft Budget:

we have listened to those in local government who share our agenda for improving services, ending the postcode lottery - where standards of services vary greatly - and delivering better value for the Welsh pound. As a result, the final budget allocates additional funding to local government to ensure that all local authorities will receive an increase in Assembly Government funding of at least 2% next year. At the same time, we will be working with local government to simplify funding arrangements, target areas of underperformance and develop minimum standards of service delivery across Wales; and

the final budget also allocates an extra £32m - on top of the £45m extra announced in November - to deliver on our commitment to cut class sizes for 3 to 7 year olds. This is a substantial new investment in Welsh schools which will deliver real improvements in early years education, where the long-term benefits are greatest.

Other notable changes between draft and final budget are summarised below by Main Expenditure Group (MEG).

### Health and Social Services

Transfer in of Youth Justice Service budget from SJLG MEG from 2008-09.

Transfer out of £1m to Revenue Support Grant (RSG) in SJLG MEG for older persons strategy.

Internal transfers to meet high priority pressures and reflect efficiency savings.

### Social Justice and Local Government

Transfers in to the RSG from CELLS, HSS and from reserves. Includes:

transfers announced as part of draft Local Government settlement in November;

£2.2m from reserves and £2.5m from within the SJLG in 2008-09 to provide a 2% floor for RSG; and

£2.5m/£2.6m/£2.6m from reserves for public law costs for care proceedings cases

Transfer out of Youth Justice Service budgets to HSS.

Some technical internal transfers.

### Environment, Sustainability and Housing

Transfer in" "from Rural Affairs MEG of £0.75m from 2008-09 for environmental research, consequent on reorganisation of Ministerial portfolios.

Internal transfers to reflect reprioritisation and technical changes.

### Rural Affairs

Transfer out to ESH MEG of £0.75m from 2008-09 for environmental research, consequent on reorganisation of Ministerial portfolios.

### Economy and Transport

Internal transfers to provide resources from 2008-09 for Positron Emission Tomography scanner project, Health Challenge Wales and customer relationship management system.

Changes to European Funding programme to balance receipts and revenue.

### Children, Education, Lifelong Learning

Transfers in from reserves of £14.5m in 2009-10 and £18.4m in 2010-11 for Foundation Phase and £0.6m from 2008-09 from RSG in SJLG MEG.

Transfers out to RSG in SJLG MEG from 2008-09 announced as part of the draft Local Government settlement and to Heritage MEG for

summer and Saturday schools.

Internal transfers to reflect reprioritisation and technical changes.

## Heritage

Transfers in of £0.1m from reserves from 2008-09 to fund community radio, correcting a previous error, and from CELLS MEG from 2008-09 for summer and Saturday schools.

## Central Administration

Transfers in from 2008-09 from Other Ministerial Services MEG for statistical work.

Internal transfers to realign costs with priorities and reflect cost savings and technical changes.

## Other Ministerial Services

Transfer in of £0.24m from reserves for statistical work, correcting a previous error.

Transfer out from 2008-09 to Central Administration MEG for statistical work.

## Public Services and Performance

Internal transfers to provide resources for new Xchangepwales system.

## Summary of Final Budget Allocations

-	£000s	-	-	-	-	-	-
-	2007-08 baseline	Uplift*	2008-09	Uplift	2009-10	Uplift	2010-11
Health and Social Services	5,456,918	235,560	5,692,478	173,513	5,865,991	194,824	6,060,815
Social Justice and Local Government**	4,158,161	110,234	4,268,395	118,788	4,387,183	129,450	4,516,633
Environment, Sustainability and Housing	688,902	45,795	734,697	19,308	754,005	18,562	772,567
Rural Affairs	135,308	12,053	147,361	2,803	150,164	3,619	153,783
Economy and Transport***	1,168,820	- 7,690	1,161,130	10,469	1,171,599	11,497	1,183,096
Children, Education, Lifelong Learning****	1,731,950	45,919	1,777,869	69,149	1,847,018	27,027	1,874,045
Heritage	147,047	8,579	155,626	4,837	160,463	895	161,358
Central Administration	338,709	- 9,114	329,595	7,638	337,233	6,775	344,008
Other Ministerial Services	7,801	2,341	10,142	80	10,222	- 1,821	8,401
Central Match Funding	-	-	30,000	5,000	35,000	5,000	40,000
Public Services and Performance	59,575	- 79	59,496	297	59,793	346	60,139

<b>TOTAL ALLOCATION</b>	<b>13,893,191</b>	-	<b>14,366,789</b>	-	<b>14,778,671</b>	-	<b>15,174,845</b>
Reserves*****	-	-	<b>112,705</b>	-	<b>267,718</b>	-	<b>496,074</b>

\* From previous year's baseline.

\*\* Uplift includes transfers into the RSG from specific grants actioned since the draft budget.

\*\*\* 2008-09 figure is lower than 2007-08 due to the transfer out of Match Funding from 2008-09 onwards.

\*\*\*\* Uplift in 2008-09 is lower than shown at draft budget due to transfers into the RSG from specific grants (£24m in 2008-09).

\*\*\*\*\* Excludes resources for strategic capital investment fund and non-cash reserves.