

Communities and Culture Committee

CC(3)-14-09 - Paper 2 - 14 October 2009

Scrutiny of Welsh Government draft Budget 2010-11 - Evidence from Minister for Social Justice and Local Government

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 as outlined within the draft budget which was laid on 5 October 2009. It outlines those areas covered by the remit of the Communities and Culture Committee, namely community safety and community inclusion including Communities First.

2. Background

The 2010-11 Draft Budget allocates an additional £41.548 million to the Social Justice and Local Government Main Expenditure Group (MEG) over the next two years (this sum includes transfers from other MEGs totalling £3.548 million).

The following summary financial table shows the overall effect on the SJLG Departmental Expenditure Limit (DEL) baseline budget following the additional allocations mentioned above and the overall net effect when combined with the need to realise efficiency savings of £71.260 million (1.6% of the overall revenue DEL baseline) and £3.773 million (4.6% of the overall capital DEL baseline). 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 growth in the budget from the previous year.

Summary Financial Table:

£000

	2009-10	2010-11
DEL Baseline	4,403,494	4,535,813
Changes		-33,485
Revised		4,502,328
Percentage change		2.24%

3. Budget Overview

The Department for Social Justice and Local Government's overriding priority is to continue delivery on its 'One Wales' commitments and I am confident that the proposals as set out in the Draft Budget will enable us to do so. Allocations and transfers between Budget Expenditure Lines (BELs) reflect commitments highlighted in One Wales, in particular investing in improving substance misuse and domestic violence services.

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. Allocations

The local government revenue and capital elements of the SJLG MEG accounts for over £4.3 billion in 2010-11, with the remainder being allocated to community safety, supporting communities and equality, diversity and inclusion. From the additional £41.58 million, an extra £36 million has been allocated to support services delivered by local authorities through Revenue Support Grant and £0.883m is a transfer in following the Department for Social Justice and Local Government assuming policy responsibility for Equality and Human Rights from 1 April 2009. The remaining funding has been allocated as follows:

Substance Misuse Action Plan Fund - Revenue increase by £3 million in 2010-11

In total, an extra £5.9 million a year will be added to the Substance Misuse Action Fund for 2010-11. This represents a 20% increase on the current year and will bring the annual budget to £34.5m next year. This includes an extra £3 million which equates to a 12%

increase in revenue funding.

The Substance Misuse Strategy "Working Together to reduce Harm" commits us to make a step change in both the quality and access to substance misuse services in Wales. The key gaps identified in the strategy are the shortage of structured counselling places to treat those with less severe addiction (in particular children and young people) to prevent the escalation of the problem. It is also an essential element for those accessing substitute medication or residential services - both of which only have limited impact without supportive counselling. There is a very strong evidence base for this which is set out in the strategy.

This additional funding will help us deliver a number of key priorities in the Substance Misuse Strategy and signals the Welsh Assembly Government's clear commitment to tackle drug and alcohol abuse and the impact it has on families and communities.

My priority for the use of the additional funding will be to improve the provision of treatment services for children and young people who have drug and/or alcohol problems and to respond to any increase in demand for services as a result of the recession.

There are also gaps in the provision for children and young people. It is vital that we invest more in treating this age group to prevent their substance misuse problems becoming more entrenched and harder to treat. This additional funding will also provide for the expansion of psychosocial or counselling services, which are proven to be the best way of treating young people with substance abuse problems. This is in line with our commitment in "One Wales."

Domestic Abuse - Revenue increased by £1 million for 2010-11

This additional allocation will be added to the domestic abuse and violence against women budget for next year to help us deliver our new strategic action plan which be launched later this year. This is a 33% increase on the revenue budget for the current year.

We are currently carefully considering the responses to the consultation on the new strategic action plan and in parallel with this we are considering how best to use this additional funding. The precise use of the money will therefore depend on the details of the plan.

However, my priority for the use of the additional funding will be to support delivery of specific actions aimed at tackling the violence against women agenda.

5. Other Budget Expenditure Line Changes (Revenue)

The following revenue Budget Expenditure Lines show changes as a result of either transfers between MEGs, BELs because of reprioritisation or the need to delivery efficiency savings:

Communities First - transfer of £1 million to Digital Inclusion and a reduction of £750K

The Communities First fund has always supported our work on digital inclusion and this transfer is purely for technical reasons to allow funding for this to be separately identified. The reduction of £750k in this budget will be made through cost savings on the Communities First National Support Contracts and budgets used to support the infrastructure.

Fire and Rescue Services Resilience - reduction of £2 million

These reductions do not impact on the mainstream operational funding for the Welsh Fire and Rescue Authorities which are funded through levies on their constituent local authorities. The revenue budget reductions are mainly as a result of savings to the Firelink budget following the determination of the required level of revenue and capital costs for the Fire and Rescue Services' new communication system. The reduction in the Firelink budget does not involve extra costs for the Fire and Rescue Authorities. The Welsh Assembly Government has fully funded the costs of the roll out of Firelink and will continue to do so until the project is complete. Our forward budgets also provide for the additional revenue costs of running the new system once it is fully operational.

Third Sector - reduction of £163K

In order to deliver the required 1.6% of savings this budget will be reduced by £163K compared to the indicative plans for 2010-11

Financial Inclusion and Child Poverty - increase of £665K million

In previous budgets these two areas of work were grouped together for funding purposes. This has changed for the 2010-11 budget so that they are separately identified. The net total for both budget lines is unaltered save for a transfer into Financial Inclusion from the Department for Health and Social Services of £665K for Better Advice - Better Health.

Inclusion - Refugees, Asylum Seekers and Migrant Workers to reduce by £200K

This is purely a technical transfer to separate the budget for community cohesion which was previously part of the Inclusion budget. The net effect is zero.

6. Other Budget Expenditure Line Changes (Capital)

Fire and Rescue Services Resilience and National Framework Capital Budgets - Reduction of £6.673 million

The budget reduction are as a result of:

- i. savings to the Firelink budget now that the final costs of the system are known; and

ii. the ending of the 3 year programme for school sprinklers. Following a £12 million kick start to this initiative provided by the Fire Safety Budget, the cost of providing sprinklers in schools will now be met as part of the mainstream 21st Century Schools Capital programme funding mechanism. It should be noted that where the Welsh Assembly Government is providing grant for the refurbishment of schools and new build, fire sprinklers remain a condition of grant.

As a result we are able to meet the required 4.6% capital efficiency savings and reprioritise £2.9 million towards the Substance Misuse Action Plan capital budget.

Substance Misuse Action Plan Fund (Capital) - increase by £2.9 million in 2010-11

As noted above, an additional £2.9 million will bring the capital funding available for substance misuse to £7 million per year which equates to a 70% increase on the current year's provision. This additional support will be used to boost our programme to improve the number and quality of premises and facilities available across Wales which are used to support substance misusers. It will also help our partners across Wales, both in the voluntary and statutory sectors, expand treatment capacity

Brian Gibbons AM

Minister for Social Justice and Local Government