

Jane Hutt AC / AM
Y Gweinidog Cyllid ac Arweinydd y Tŷ
Minister for Finance and Leader of the House



Llywodraeth Cymru
Welsh Government

Eich cyf/Your ref
Ein cyf/Our ref: SF/JH/6491/11

Jocelyn Davies AM,
Chair, Finance Committee,
The National Assembly for Wales,
Cardiff Bay,
Cardiff
CF99 1NA

14 November 2011

Dear Jocelyn,

At the Finance Committee's scrutiny session on 31 October in relation to the Draft Budget 2012-13, I agreed to provide further information on a couple of issues that were raised.

The Committee requested "a note clarifying the potential impact of Treasury rules on the Welsh block and how the Welsh Government is assisting local government's borrowing powers to boost capital investment".

Treasury rules on the budgetary implications of local authority borrowing are set out in Chapter 9 of the Consolidated Budgeting Guidance 2011-12. Supported Capital Expenditure (Revenue) (SCE(R)) is the term used in this guidance for the amount of borrowing which Central Government is prepared to support. A stream of current support to cover Local Authority borrowing to this level is provided as non-ringfenced revenue as part of the Revenue Support Grant and DEL budgets score the capital value of SCE(R), i.e. the amount borrowed. Supported Capital Expenditure by Local Authorities in Wales in 2011-12, funded through General Capital Funding budget lines in the Welsh Government DEL, is around £120m.

Self-financed borrowing by Local Authorities under the prudential borrowing regime that is not supported by Central Government does not score in DEL budgets but scores in Local Authority Self-Financed AME, which is not part of the Welsh Government budget. In 2011-12, Local Authorities in Wales estimate that self-financed borrowing will be £256m.

Work is ongoing to develop an initiative to enable local government to maximise its unsupported borrowing to support investment over the next few years. Work is progressing with local government to facilitate this and I will announce further details of the initiative shortly.

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Wedi'i argraffu ar bapur wedi'i ailgylchu (100%)

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The Committee also asked for "a note on the process for Equality Impact Assessments in the 2012-13 budget round". In my role as Equalities Minister, I provided evidence to the Assembly's Communities, Equality and Local Government Committee on 13 October on the Equality Impact Assessment process undertaken on the Draft Budget 2012-13. I attach a copy of my evidence paper for information.

I will be publishing alongside the Final Budget the additional work undertaken to assess the equality impact of new programmes and funding streams since the February 2011 Budget was approved.

I hope this is helpful.

*Yours ever,
Jane*

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