

Enterprise and Business Committee

Date: 12th October 2011

Time: 10.00 to 11.00 am

Title: Evidence paper on the Draft Budget:
Regeneration aspects of the Minister for Housing,
Regeneration and Heritage's portfolio

Introduction

1. This paper provides background financial information to the Committee regarding the future spending plans for the Regeneration part of the Minister's portfolio, as outlined within the Draft Budget. Strategic, physical and legacy regeneration comes within the remit of this Committee. The other aspects of the Minister's portfolio, namely Housing and Heritage, come within the remit of the Communities, Equality and Local Government Committee.
2. Annex A gives a breakdown of the Draft Budget for the Regeneration lines by Action, and by BEL within each Action.

Budget Overview

3. The draft budget figures for Regeneration may be summarised as follows:

Spending Programme Area	Baseline 2011-12 £'000	Draft Budget 2012-13 £'000	Indicative Plans 2013-14 £'000	Indicative Plans 2014-15 £'000
Revenue	14,489	14,336	14,397	14,397
Capital	55,343	51,477	45,888	45,888
Total	69,832	65,813	60,285	60,285

4. The budget process for this year has been 'light touch'. A comprehensive budget planning round was undertaken last year, when it was necessary to make reductions to planned budgets. The reductions in the capital budgets in particular were significant.
5. There has been only one change from the 3 year plan set out in last year's budget planning round. In order to support existing commitments in respect of Cardiff Bay Harbour Authority, funding of £0.3m in 2012-13 and £0.1 in 2013-14 has been transferred from the *Implementation*

of Strategic Regeneration Areas Action to Manage Delivery of Legacy Regeneration Action. This budget has then been rolled forward flat into 2014-15.

Programme of Government

6. The Welsh Government's regeneration programme comprises an integrated series of actions and targeted investment which aims to reverse the decline of and deliver sustainable renewal in disadvantaged areas in Wales.
7. Our budget is broken down into the following lines:

Implementation of Strategic Areas

8. Our Regeneration Areas budgets support a series of focused, area-based interventions in parts of Wales where we believe we can work with local agencies to tackle acute needs, in particular multiple forms of deprivation. We work with partners across the public, private and voluntary sectors to develop and deliver co-ordinated and holistic action plans to address local needs and opportunities, using our funding to lever in additional investment. We currently have seven Regeneration Areas (Heads of the Valleys, Western Valleys, Mon a Menai, North Wales Coast, Aberystwyth, Swansea and Barry). Investment from our Regeneration Areas is used as match funding for European-funded projects; the largest of these projects is part of the Valleys Regional Park, a partnership which we host on behalf of over 40 organisations.

Manage Delivery of Legacy Regeneration Areas

9. We also provide funding in two other priority areas, namely:
 - Newport Unlimited - funding for the only Urban Regeneration Company (URC) in Wales, jointly owned by the Welsh Government and Newport City Council. The URC was created in 2003 to work with public and private sectors to deliver major physical change and strengthen the economy of Newport through regeneration projects to improve the landscape, create new jobs, attract investment and ensure a vibrant city for the future; and
 - Cardiff Harbour Authority - funding to Cardiff Council for the safe maintenance and operation of the area in Cardiff Bay controlled by the Harbour Authority, in accordance with its statutory obligations under the Cardiff Bay Barrage Act 1993.

10. The budget line for the Legacy Regeneration Areas reduces over the 3 year Plan period, from £8.2m to £8m (revenue), and from £3.4m in 2011/12 to £2m in 2014/15 (capital) as part of planned reductions in the funding for Cardiff Harbour Authority (revenue) and Newport Unlimited (capital). The programme for Newport Unlimited comes to an end in 2013/14 so the allocation in 2014/15 is a contingency figure at this stage.

Groundwork Wales and Coalfields Regeneration Trusts

11. We provide core funding to Groundwork Wales and Coalfields Regeneration Trusts. The functions of each are best explained by the organisations web pages - <http://www.wales.groundwork.org.uk/> & <http://www.coalfields-regen.org.uk/contactingus/wales/>. This amounts to £1.1m revenue, and £0.250m capital in 2011/12. The position for the Plan period is currently under review.

Local Authority General Capital Funding

12. Within the Regeneration budgets, there is a budget line for local authority general capital funding, amounting to £11.577m in 2012-13. This funding is unhypothecated, and as such, once it is distributed to the local authorities as part of the local government settlement, we are not able to direct its spend.

Looking forward

13. As our capital budget reduces, we are working closely with partners to ensure that we identify the strategic investments which will make a real difference, and that maximise other funding opportunities, in order to maintain the momentum of change in our Regeneration Areas.