

## LOCAL GOVERNMENT AND HOUSING COMMITTEE

### The Assembly Cabinet's draft budget for 2002-03 onwards

### A briefing note from the Welsh Local Government Association

**11<sup>th</sup> October 2001**

The draft budget was published on 10<sup>th</sup> October. Details may be seen at [www.wales.gov.uk/themesbudgetandstrategic/content/budget2001/budget2002-2005-e.pdf](http://www.wales.gov.uk/themesbudgetandstrategic/content/budget2001/budget2002-2005-e.pdf)

A motion to adopt the draft budget will be debated on 18<sup>th</sup> October.

#### Headlines

The key points for local government are:

1. general revenue grant for councils has not changed from previously announced plans. No account has yet been taken of significant transfers in and out of the general revenue settlement, such as preserved rights/ residential allowances (in) and 6<sup>th</sup> form funding (out);
2. as expected, revenue support grant for 2002-03 has been reduced by £560,000 as a result of the Treasury's penalty for council tax increases in 2000-01. This has been offset by £20,000 which represents transitional grant that the Assembly has discovered it should have paid this year;
3. funding for transitional grant in 2002-03 is increased by £684,000 to £3.397 million. This reveals that more grant will be required than previously estimated to keep council taxes at a maximum of 9.0% for spending in line with the Assembly's assumptions about budget increases. The assumptions have not yet been published;
4. there are believed to be two areas of growth in capital funding for local government over previously existing plans. £4.375m/£5.325m/£5.325m is being provided for "local authority IT projects" and an extra £2.323m/£2.573m/£2.573m for the education IT strategy. This funding is believed to be connected with Assembly Cabinet's proposal to invest in broadband and public sector networks in Wales, for which £8.5m/£10m/£10m has been allocated. New resources of £3m/£5m/£5m have been allocated for "local authority waste projects";
5. there is a very disappointing cut in previously announced plans for transport grant of -£4m/-

£5m/-£5m. This contrasts with (and has been used to fund?) growth of £5.55m/£11.55m/£11.55m for trunk roads and motorways and the Assembly's direct support for public transport (railways). A large element of the growth in central government's expenditure on transport infrastructure is in the nebulous budget for "programme support, promotion and ancillary activities";

6. there is no increase in previously existing plans for grants to National Parks;
7. the Cabinet is proposing to provide an extra £9m to the Valuation Office Agency over 3 years to fund a revaluation of domestic properties for council tax. The new valuation lists would take effect in April 2004.

### Other new funding for local government

There are many proposals to increase revenue funding for local government but it is disappointing that many of them appear to represent specific grants. Figures are increases over previously existing plans.

Services for children	£0m/£1.3m/£1.3m	Not necessarily all for local government
National childcare strategy	£0.5m/£0.5m/£0.5m	Ditto
Elderly and long term care	£3.25m/£5.8m/£5.8m	Ditto
Social services workforce and training  <i>Of which training</i>	£2.879m/£2.645m/£2.645m  £0.5m/£1.0m/£1.0m	Some of this will be increased funding for the Social Services Inspectorate
Concessionary fares	£1.5m/£7.198m/£7.198m	This funding will form part of the general revenue settlement. It will add to the existing funding that has been provided for free bus travel for pensioners. However it will not be enough to fund free bus travel for men aged 60-64 from April 2002, the cost of which has been estimated as £5m.

Extending entitlement	£0.75m/£0.75m/£0.75m	This will be part of revenue support grant and is on top of existing funding of £3m/£4m/£4m for investment in youth services.
School revenue funding	£2.5m/£4m/£4m	Further growth in this specific grant. However the total grant for each of the 3 years will be less than this year, when additional sums were provided following the teachers' pay award and the Chancellor's budget.
Education of travellers' children	£0.25m/£0.25m/£0.25m	62.5% increase in this specific grant.
Early years	£6m/£4m/£4m	This specific grant will therefore total £6.2m/£16m/£16m. It meets the Association's assessment of the costs of providing a half-time nursery place for all 3 year olds from 2003-04. But it is not sufficient to fund provision from September 2002, for which grant of £10m would be needed in 2002-03.
Welsh Books Council	£0.214m/£0.216m/£0.216m	This increase in funding will relieve local government of the need to provide financial contributions. The Association supports this simplification. Local government's role in providing members of the Council and its committees will not be affected

### The Assembly's spending priorities

The draft budget reveals a further very significant injection of resources into the National Health Service, on top of the substantial real-terms growth that was already planned.

There is a pattern of increases in the funding for unelected bodies, particularly for their running costs. Examples include £1.8m (+13%) for the Environment Agency, £1.8m to the WDA for a "Structural Funds Partnership" and a substantial £7m (+41%) increase in running costs of ELWa. In the Wales Tourist Board, reductions of £0.8m in its expenditure on revenue and capital support for the tourist industry are being allocated to running costs and a lower expectation of receipts. ACCAC, the qualifications and assessment body, will see massive growth of £2m (+61%) in its running costs. These are not the only examples. Only in the case of the Arts Council are there new plans for a significant increase in funding for services: over £2.7m or +17% on top of existing plans, resulting in total expenditure of £18.8m on the arts, 26% higher than this year.

There is a proliferation of new, relatively minor budget lines although cumulatively they add up to a significant sum. Next year, the Assembly will be spending over £1m on improving economic and labour market statistics (making up for the inadequacies of the Office of National Statistics?), £0.25m on plant health "services", £0.75m rising to £1m a year for "Welsh Ewe Genotyping" and £170,000 on its public appointments unit.

### Further analyses

More detailed analyses of the proposals for revenue and capital funding of local government will be circulated shortly.

The Association will produce lobbying notes for Assembly members to emphasise key deficiencies in the budget proposals; and to call for a substantial portion of the unallocated resources of £25.5m in 2002-03 to be given to local government.

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