

## LOCAL GOVERNMENT AND HOUSING COMMITTEE

### BUDGET – CONSIDERATION OF DRAFT BUDGET

#### PURPOSE

1. To comment on the draft budget for the three years 2002-05, as tabled by the Minister for Finance, Local Government and Communities and debated in Plenary on 18 October 2001.

#### RECOMMENDATION

2. That the Committee comments on the Considerations paper at **Annex 1** and the draft budget for Local Government and Housing at **Annex 2**.

#### BACKGROUND

3. This Budget Planning Round affects the financial year 2002-03 and the two years beyond. In some cases, additional resources have been secured for 2002-03 only, and provision for future years will be sought in future Budget Planning Rounds as appropriate.

4. Although this is not a Spending Review year, this budget will have an important bearing on progress towards meeting the 2010 benchmarks set out in Better Wales for the programme areas covered by the Local Government, Housing and Communities portfolio, which is the remit of this Committee. These are the totality of service delivery by local government, and the funding issues that arise from that service delivery, as well as housing, urban regeneration and crime reduction.

5. The Minister for Finance, Local Government and Communities presented a commissioning paper on 6 June, and an issues paper on 4 July, and the Committee set out its priorities in a letter from the Chair to Mrs Hart, dated 18 July.

6. The Finance Minister then set out the Assembly's draft budget and, having taken account of the comments from subject committees, will move the final budget around 22 November 2001.

#### COMPLIANCE

7. This paper has been prepared in compliance with Assembly Standing Order 19 which states that "as soon as practicable after the Assembly has taken note of the draft budget, each Assembly Secretary who is a member of a subject committee shall seek its views on the draft budget and convey them to the Assembly Secretary for Finance".

#### POLICY CONTACT

**Edwina Hart**

***Minister for Finance, Local Government***

***and Communities***

**October 2001**

**Annex 1**

## **CONSIDERATIONS PAPER**

### **Committee views**

1. The Local Government and Housing Committee placed high importance on housing and programmes for deprived communities. The Committee welcomed the overall increase in the Local Government budget, and suggested that further consideration be given to the financial burden placed on local authorities in building effective partnerships. The Committee also considered that adequate financial support should be made available to take forward the recommendations of the Homelessness Commission. Members welcomed the intention of the Assembly to fund the extension of Care and Repair Agencies throughout Wales, and the development of the Rapid Response Disabled Facilities programme. The Committee also agreed that subsequent programmes to take forward the recommendations to improve fire safety should receive adequate funding. The Committee also welcomed the proposed council tax revaluation.

### **Overall increase in the Local Government Budget**

2. The priorities have been to extend programmes that target social inclusion and deprivation and build strong communities. Through a mixture of recurrent resources and unspent provision, resources are being made available to address commitments on homelessness, social housing improvements and improved home safety and access.

3. I attach the highest priority to the effective partnership between the Assembly and local government in Wales, to allow those with a democratic mandate to deliver services for the people of Wales. The proposals contained in this budget represents a real terms increase in the Local Government budget of 3.4% next year and 3.1% the following year. For Housing, the figures are 7% and 0.8% respectively.

4. The figures announced in the budget for the Local Government settlement include only two small transfers. Several transfers have yet to be finalised, and these figures will change when all of the transfers are taken into account. The provisional settlement for authorities is currently scheduled to be announced in the week commencing 12 November, and the transfers will be taken into account for that.

## **Homelessness and rough sleeping**

5. An extra £1.3 million has been made available on top of over £3.5 million already planned, to tackle homelessness and rough sleeping in 2002-03. This will be used to establish a programme of work with voluntary organisations, including emergency shelter, supported housing, advice, outreach and preventative support. The Homelessness Commission, set up as a result of the Partnership Agreement, will advise the Assembly on the delivery of objectives in 'Better Wales' and take forward the recommendations of the Bevan Report and the Housing Strategy Task Group which relate specifically to homelessness and rough sleeping. This additional funding will also help start the programme of providing access to Bond Schemes in all parts of Wales.

## **Care and Repair**

6. Significant additional funding of £1.86 million for 2003-04 has been made available for the Home Improvement Agencies (Care and Repair) services. These services are a high priority and the Assembly has recently extended their coverage throughout Wales. These further increases reflect strong Cabinet and cross-party support for the care and Repair services which are cost-effective when compared to placing this client group in residential care.

7. The Assembly currently part funds each agency, with the balance being met by local authorities, RSLs or local fund raising. This does cause uncertainty in budgeting at the local level, and can lead to variable service levels across Wales. There have been instances of funding being withdrawn by authorities or RSLs, which has caused major difficulties for the individual agencies involved. To address this situation, the Assembly intends to put the funding of Care and Repair on a firm and certain footing by funding each of the agencies direct.

## **Rapid Response Adaptions**

8. Funding of £500,000 has been made available for 2002-03 for the Rapid Response Adaptations Programme. This will support elderly and disabled people, and provide immediate response to specific needs to provide adaptations such as ramps, stair lifts, and handrails to people who require them either to remain in their own homes, or so that they can be released from hospital or temporary nursing home care. This will extend Care and Repair's current Safety at Home scheme, and will complement authorities DFG programmes, rather than rival them.

9. The service will be delivered by Care and Repair agencies, with referrals from a range of statutory and voluntary agencies, such as local authorities, local health groups, health Trusts, health visitors and doctors. The majority of these adaptations are funded by local authority capital through the renovation grants system. Although these are mandatory, demand has been growing year on year, and authorities have significant waiting lists, some of them very extensive. This funding will help to alleviate this situation.

## **Housing Management Projects, Education and Training**

10. Over the past 30 years the way in which social housing has been allocated has contributed to levels of deprivation. We need to promote new ideas to move away from the traditional approach so that we can achieve levels of sustainability that will be crucial to make the community regeneration programme a success. To this end, an extra £500,000 is being made available for 2002-03, to enable new and innovative projects for the allocation and letting of existing social housing. This will aim to widen choice and increase tenant satisfaction, and support local authorities in introducing business plans for their housing. The target for this is for all authorities to have such plans in place by March 2004.

## **Community Fire Safety**

11. The Community Fire Safety Working Group was tasked with investigating the installation of hard-wired smoke alarms in social housing, and sprinkler systems in houses in multiple occupation. It will report back to the Minister in the autumn, and is strongly expected to recommend that the Assembly funds a

programme in respect of both of these. Costs are still being evaluated, but the total cost may be around £35 million, making this a long-term programme. The Working Group will propose prioritisation of the work, and it is likely that the elderly will figure high on that list.

12. This programme will have a high priority, and in order to ensure that work can begin as quickly as possible, it is proposed to allocate £3 million for 2002-03, This will allow the Assembly to act quickly on the Working Group's recommendations in this important area.

### **Council Tax Revaluation**

13. Work is continuing on implementing a revaluation of council tax in April 2004. The draft budget proposes resources of £3.784 million in 2002-03 and £2.692 million in both 2003-04 and 2004-05 to fund the Valuation Office Agency in delivering this.

### **OTHER PRIORITIES**

14. The additional resources detailed above specifically address those issues which the Committee placed most importance on. My issues paper of July also listed further priorities where I was intending to seek extra funding. These further priorities where I have secured additional resources are:

#### **Supported Housing Revenue Grant (SHRG)**

15. Extra funding of £500,000 in 2002-03, and £800,000 in both 2003-04 and 2004-05 is being made available to provide additional supported housing. This is needed to support the Assembly's decision last year to extend the categories of homelessness to which local authorities have statutory responsibility. This has caused an increase in the demand for support provision, particularly from 16 and 17 year olds, as local authorities are now required to find appropriate accommodation for them. This extra funding should increase the number of supported bed spaces by around 100 per cent.

#### **Installation of Thermostatic Control Valves**

16. Additional funding of £300,000 will be made available in 2002-03 to install anti-scald valves in the hot water systems in supported housing projects, targeted at vulnerable people. There have been several cases of severe scalding, and this new programme will help to reduce the risk of this happening again.

#### **E-government**

17. In recognition of the significant investment needs for authorities in seizing new opportunities to use information and communications technology (ICT) to transform the quality of services to the public, the draft budget proposes to allocate £4.375 million in 2002-03 and £5.325 million in both 2003-04 and 2004-05 to fund this. This provision has been allocated from additions from the Treasury for credit approvals which are classified as Annually Managed Expenditure.

#### **Equal Opportunities**

18. £150,000 has been made available for each of the next three years to provide support for an equalities unit for local government. This will provide expert resources to support local authorities in implementing the Generic Equality Standard which has been developed by the WLGA.

#### **Boundary Commission**

19. The local Government Boundary Commission will receive an additional £50,000 in each of the next three years to upgrade its office IT equipment to allow it to undertake Secretariat duties for the Parliamentary Boundary Commission.

## **Transitional Grant**

20. A number of large transfers into and out of the local government revenue settlement are planned for 2002-03. Transitional grant moderates the impact on certain authorities of changes to the Standard Spending Assessment (SSA) formula, and is calculated to limit the increase to the council tax bill for a Band D property to a maximum of 9% across all authorities, subject to the standard assumptions made for the purposes of the RSG settlement. An additional £684,000 has been made available for 2002-03 to allow council tax increases to be kept within the nine per cent limit for any authority.

## **Crime Reduction Unit**

21. The Assembly has decided to make £2 million available in the current financial year for a new package of crime reduction measures tailored to crime patterns in Wales. The funding will be directed towards burglary reduction schemes which will target houses which have already been burgled in areas where crime levels are high with a view to preventing re-victimisation. Funding will also be used to support interventions which address the problems of bogus callers and distraction burglaries, particularly amongst vulnerable groups such as the elderly. A provisional name for the initiative is 'Making it a Safer Christmas'.

## **ON TRACK**

22. The Assembly has decided to take over responsibility for the funding of two projects called ON TRACK which are designed to prevent criminality amongst children aged from 4 to 11. £1.032million will be made available in 2002-2003 to support the projects in Rhondda Cynon Taff and Caerau, Bridgend. They are currently being supported by Home Office grants but as responsibility for them is being passed to the DES in England, which may not fund in Wales, the Assembly has committed continued support.

## **Communities**

23. Support for the most deprived communities remains a high priority. The Community Purposes budget will be reviewed in next year's Spending Review in the light of progress on Communities First.

**Edwina Hart**

***Minister for Finance, Local Government***

***and Communities***

October 2001

<b>Expenditure Groups</b>	<b>2001-02 Published Plans</b>	<b>Indicative Plans for 2002-03</b>	<b>Proposed changes</b>	<b>Draft budget for 2002- 03</b>	<b>Indicative Plans for 2003-04</b>	<b>Proposed changes</b>	<b>Draft budget for 2003- 04</b>	<b>Indicative plans for 2004-05</b>	<b>Proposed changes</b>	<b>Draft budget for 2004- 05</b>
<b>Local Government</b>										
Revenue Support Grant (1)	2,077,034	2,882,139	-540	2,881,599	3,018,858	0	3,018,858	3,018,858	0	3,018,858
Police Funding (NDR and RSG)	141,000	146,500	0	146,500	152,500	0	152,500	152,500	0	152,500
Performance Incentive Grant	10,000	0	0	0	30,000	0	30,000	30,000	0	30,000
Non Domestic Rates: Distributable Amount	627,300	0	0	0	0	0	0	0	0	0
Transitional Grant	3,985	2,713	684	3,397	2,194	0	2,194	2,194	0	2,194
Welfare to Work (RSG) (2)	1,200	0	0	0	0	0	0	0	0	0
<b>Local Authority Revenue</b>	<b>2,860,519</b>	<b>3,031,352</b>	<b>144</b>	<b>3,031,496</b>	<b>3,203,552</b>	<b>0</b>	<b>3,203,552</b>	<b>3,203,552</b>	<b>0</b>	<b>3,203,552</b>
Non Domestic Rates Collection Costs	5,172	5,172	0	5,172	5,172	0	5,172	5,172	0	5,172
Non Domestic Rates:Pool	1,200	0	0	0	0	0	0	0	0	0
<b>Non Domestic Rates Collection Costs</b>	<b>6,372</b>	<b>5,172</b>	<b>0</b>	<b>5,172</b>	<b>5,172</b>	<b>0</b>	<b>5,172</b>	<b>5,172</b>	<b>0</b>	<b>5,172</b>
<b>LOCAL GOVERNMENT – TOTAL</b>	<b>2,865,691</b>	<b>3,036,524</b>	<b>144</b>	<b>3,036,668</b>	<b>3,208,724</b>	<b>0</b>	<b>3,208,724</b>	<b>3,208,724</b>	<b>0</b>	<b>3,208,724</b>
<b>Cash Increase year on year</b>	<b>-</b>			<b>170,977</b>			<b>172,056</b>			<b>172,200</b>

(1) For 2002-03 onwards the Revenue Support Grant BEL is the sum of the revenue support grant and redistributed non-domestic rates. The breakdown between these items will not be known until early December. These figures are net of specific grants and police grants.

(2) These budgets are outside of the national Assembly for Wales' Departmental Expenditure Limit and are not therefore at the Assembly's discretion.

<b>Expenditure Groups</b>	<b>2001-02 Published Plans</b>	<b>Indicative Plans for 2003-04</b>	<b>Proposed changes</b>	<b>Draft budget for 2002- 03</b>	<b>Indicative Plans for 2003-04</b>	<b>Proposed changes</b>	<b>Draft budget for 2003- 04</b>	<b>Indicative plans for 2004-05</b>	<b>Proposed changes</b>	<b>Draft budget for 2004- 05</b>
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<b>Housing</b>										
Social Housing Grants	56,500	56,500	0	56,500	56,500	0	56,500	56,500	0	56,500
Receipts/repayment of SHG follow sale prop	-100	-100	0	-100	-100	0	-100	-100	0	-100
<b>Social Housing Grant</b>	<b>56,400</b>	<b>56,400</b>	<b>0</b>	<b>56,400</b>	<b>56,400</b>	<b>0</b>	<b>56,400</b>	<b>56,400</b>	<b>0</b>	<b>56,400</b>

Supported Housing Revenue Grant	11,592	12,492	500	12,992	12,792	800	13,592	12,792	800	13,592
<b>Supported Housing Revenue Grant</b>	<b>11,592</b>	<b>12,492</b>	<b>500</b>	<b>12,992</b>	<b>12,792</b>	<b>800</b>	<b>13,592</b>	<b>12,792</b>	<b>800</b>	<b>13,592</b>
Local Authority Housing – General capital Funding	149,402	156,902	0	156,902	160,652	0	160,652	160,652	0	160,652
Local Authority Housing SCAs	49,801	52,301	0	52,301	53,551	0	53,551	53,551	0	53,551
<b>Housing–General Capital Funding/SCAs</b>	<b>199,203</b>	<b>209,203</b>	<b>0</b>	<b>209,203</b>	<b>214,203</b>	<b>0</b>	<b>214,203</b>	<b>214,203</b>	<b>0</b>	<b>214,203</b>
Community Purposes	20,054	28,854	0	28,584	33,854	-1,860	31,994	33,854	-1,860	33,854
<b>Community Purposes</b>	<b>20,054</b>	<b>28,854</b>	<b>0</b>	<b>28,854</b>	<b>33,854</b>	<b>-1,860</b>	<b>31,994</b>	<b>33,854</b>	<b>-1,860</b>	<b>33,854</b>
Home Improvement Agencies	1,330	1,360	0	1,360	1,390	1,860	3,250	1,390	1,860	3,250
Homelessness and Rough Sleeping	3,336	3,536	1,300	4,836	3,636	0	3,636	3,636	0	3,636
Research/Surveys/Evaluations/Publicity/ Fees and Charges	1,134	1,134	0	1,134	1,134	0	1,134	1,134	0	1,134
Home Energy Efficiency Scheme	9,288	11,085	0	11,085	13,121	0	13,121	13,121	0	13,121
Housing Management Promotion	390	390	0	390	390	0	390	390	0	390
Expenses of Rent Officers	1,743	1,743	0	1,743	1,743	0	1,743	1,743	0	1,743
Housing Management Projects Education and Training	1,333	1,333	0	1,333	1,333	0	1,333	1,333	0	1,333
<b>Other Housing Revenue</b>	<b>18,554</b>	<b>20,581</b>	<b>1,300</b>	<b>21,881</b>	<b>22,747</b>	<b>1,860</b>	<b>24,607</b>	<b>22,747</b>	<b>1,860</b>	<b>24,607</b>

Housing Revenue Account Subsidy – Housing element	300	300	0	300	300		300	300	0	300
Housing Revenue Account – Rent Rebate Subsidy	200,300	206,400	0	206,400	214,500		214,500	214,500	0	214,500
<b>Housing Revenue Account Subsidy (AME) (2)</b>	<b>200,600</b>	<b>206,700</b>	<b>0</b>	<b>206,700</b>	<b>214,800</b>		<b>214,800</b>	<b>214,800</b>	<b>0</b>	<b>214,800</b>
Local Authority Projects	9,650	8,397	0	8,397	8,397	0	8,397	8,397	0	8,397
Local Authority projects – match funding	23,725	33,588	0	33,588	33,588	0	33,588	33,588	0	33,588
Voluntary sector – match funding	3,275	4,665	0	4,665	5,665	0	5,665	5,665	0	5,665
<b>Local Regeneration Fund</b>	<b>36,650</b>	<b>46,650</b>	<b>0</b>	<b>46,650</b>	<b>47,650</b>		<b>47,650</b>	<b>47,650</b>	<b>0</b>	<b>47,650</b>
Regeneration and other local services	17,843	17,843	0	17,843	17,843	0	17,843	17,843	0	17,843
<b>Regeneration and other Local Services – General capital Funding</b>	<b>17,843</b>	<b>17,843</b>	<b>0</b>	<b>17,843</b>	<b>17,843</b>		<b>17,843</b>	<b>17,843</b>	<b>0</b>	<b>17,843</b>
Groundwork Trusts	584	634	0	634	684	0	684	684	0	684
<b>Other Regeneration</b>	<b>584</b>	<b>634</b>	<b>0</b>	<b>634</b>	<b>684</b>	<b>0</b>	<b>684</b>	<b>684</b>	<b>0</b>	<b>684</b>
Local Government Boundary Commission	304	304	50	354	304	50	354	304	50	354
Standards Commission: CLAW exceptional payments	400	400	0	400	400	0	400	400	0	400
Best Value Inspections: Grant to Audit Committee	1,650	1,700	0	1,700	1,750	0	1,750	1,750	0	1,750
Valuation Office Agency – Rating & Val Service	7,451	7,451	3,784	11,235	7,451	2,692	10,143	7,451	2,692	10,143
Treasury Solicitor Services	3	3	0	3	3	0	3	3	0	3
Valuation Tribunals	895	895	0	895	895	0	895	895	0	895
Capital Charges on the Civil Estate	9	9	0	9	9	0	9	9	0	9
Local Government Statistics Unit	400	384	0	384	384	0	384	384	0	384
Miscellaneous Local Government Expenditure	712	762	150	912	762	150	912	762	150	912



LA IT Projects AME (5)	0	0	4,375	4,375	0	5,325	5,325	0	5,325	5,325
Promoting Equality	305	305	150	455	305	150	455	305	150	455
<b>Valuation Office and Local Government Other Services</b>	<b>12,129</b>	<b>12,2134</b>	<b>8,509</b>	<b>20,722</b>	<b>12,263</b>	<b>8,367</b>	<b>20,630</b>	<b>12,263</b>	<b>8,367</b>	<b>20,630</b>
Crime Prevention	1,455	0	0	0	0	0	0	0	0	0
<b>Crime Prevention</b>	<b>1,455</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>HOUSING - TOTAL</b>	<b>575,064</b>	<b>611,570</b>	<b>10,309</b>	<b>621,879</b>	<b>633,236</b>	<b>9,167</b>	<b>642,403</b>	<b>633,236</b>	<b>9,167</b>	<b>642,403</b>
<b>Cash increase year on year</b>	<b>-</b>			<b>46,815</b>			<b>20,524</b>			
<b>LOCAL GOVERNMENT AND HOUSING – GRAND TOTAL</b>	<b>3,440,755</b>	<b>3,648,094</b>	<b>10,453</b>	<b>3,658,547</b>	<b>3,841,960</b>	<b>9,167</b>	<b>3,851,127</b>	<b>3,841,960</b>	<b>9,167</b>	<b>3,851,127</b>

**Annex 2.2**

**Budget Planning Round 2001**

**Allocations from End Year Flexibility Entitlement**

£'000

<b>Local Government and Housing</b>	
ON TRACK	1,032
Rent Officer	300
Housing Management Training Projects	500
Commission on Electoral Arrangements	100
Housing Safety Schemes	3,300
Rapid Response Programme	500

Coalfield Regeneration	1,000
<b>Total</b>	<b>6,732</b>