

## Enterprise and Business Committee

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Lleoliad:  
**Committee Room 3 – Senedd**

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Dyddiad:  
**12 October 2011**

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Amser:  
**09:30**

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Cynulliad  
Cenedlaethol  
Cymru

National  
Assembly for  
Wales



I gael rhagor o wybodaeth, cysylltwch â:

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### Agenda

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#### Informal Meeting (9:30– 10:00)

#### 1. Introductions, apologies and substitutions

#### 2. Welsh Government Draft Budget Proposals 2012–2013 : Ministerial Scrutiny Session (10:00–11:00) (Pages 1 – 11)

Leighton Andrews, Minister for Education and Skills  
Jeff Cuthbert, Deputy Minister for Skills

#### 3. Welsh Government Draft Budget Proposals 2012–2013 : Ministerial Scrutiny Session (11:00 – 12:30) (Pages 12 – 17)

Edwina Hart, Minister for Business, Enterprise, Technology and Science  
James Price, Director General, BETS  
Rob Hunter, Deputy Director, Finance and Corporate Services

#### 4. Papers to note (Pages 18 – 23)

Welsh Government Draft Budget Proposals 2012–2013: Evidence from Huw Lewis

# Agenda Item 2

## Enterprise and Business Committee

**Date:** 12 October 2011

**Time:** 10:00 – 11:00

**Title:** Education and Skills draft budget for 2012-13

### Purpose

1. To provide an evidence paper for the Enterprise and Business Committee on the Education and Skills budget and priorities for 2012-13.

### Timing

2. The draft budget was published on 4 October 2011.

### The 2012-13 Education and Skills Draft Budget

3. The 2012-13 Draft Budget provides a three year plan for investment in the provision of education and skills in Wales. Table 1 provides an overview of the planned Education and Skills budget or 'main expenditure group' (MEG) together with the changes made to the indicative budget since the publication of the last Supplementary Budget in June 2011 (which restated the Education and Skills budget taking into account portfolio changes from Final Budget).

Table 1: Education and Skills MEG

	2011-12 Supp Budget June 2011	2012-13 Supp Budget (Indicative)	Changes	2012-13 Draft Budget	2013-14 Supp Budget (Indicative)	Changes	2013-14 Draft Budget	2014-15 Supp Budget (Indicative)	Changes	2014-15 Indicative Budget
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Revenue DEL	1,630,201	1,627,590	20,590	1,648,180	1,647,634	27,190	1,674,824	1,647,634	34,825	1,682,459
Capital DEL	169,973	161,343	0	161,343	143,834	0	143,834	143,834	0	143,834
<b>Total DEL</b>	<b>1,800,174</b>	<b>1,788,933</b>	<b>20,590</b>	<b>1,809,523</b>	<b>1,791,468</b>	<b>27,190</b>	<b>1,818,658</b>	<b>1,791,468</b>	<b>34,825</b>	<b>1,826,293</b>
Annually Managed Expenditure	125,302	122,312	28,213	150,525	112,009	49,276	161,285	112,009	41,301	153,310
<b>TOTAL BUDGET</b>	<b>1,925,476</b>	<b>1,911,245</b>	<b>48,803</b>	<b>1,960,048</b>	<b>1,903,477</b>	<b>76,466</b>	<b>1,979,943</b>	<b>1,903,477</b>	<b>76,126</b>	<b>1,979,603</b>

4. Revenue funding for 2012-13 has increased by £20.6m compared with the indicative budget which equates to 1.3%. Indicative budgets are also increased for future years by £27.2m (1.65%) and £34.8m (2.1%) for years 2013-14 and 2014-15 respectively.
5. The capital budget remains unchanged from the indicative budget which presents reductions to £143.8m by 2013-14 from the current budget level of £169.9m. All approved projects are proceeding. The Welsh Government remains committed to the 21st Century Schools programme.

6. Additional funding of £22.3m has been obtained from Centrally Retained Capital (CRC), for 2011-12. The funding is provided for projects in respect of Gateways to the Valleys Bridgend, Dinefwr and Merthyr Learning Quarter. The Department will bid for additional funding from CRC for future years as the funding is made available.
7. The Annually Managed Expenditure (AME) budget is wholly related to student loans which are demand led and sensitive to interest rate and other macro-economic factors. The increase of £28.2m mainly relates to the forecast increase in new loans to be issued. This budget is agreed with the Treasury each year. The figures for 2012-13 of £150.5m are projections based on the latest estimates and it assumes that these will be fully funded by the Treasury.

### **Budget Context**

8. This budget is set in the context of the constraints imposed by the UK Government in the last planning round, whilst planning to deliver the commitments made in the Welsh Government's Programme for Government, including the legislative programme such as the School and Standards Bill. Revenue funding for 2011-12 was reduced by £21.1m during the previous budget from 2010-11 levels. This Budget rolls forward unchanged many of the indicative budgets approved by the Assembly in February. However, the Education and Skills MEG has secured additional funding for:
  - The **Jobs Growth Wales**, the first of the "five for a fairer future" pledges made by the Welsh Government (£12.5m);
  - **Frontline spending in schools** – previous plans to increase schools budgets by an additional 1% above overall changes to the Welsh budget as a whole for 2012-13 and 2013-14 are continued and extended to 2014-15 (£4.6m);
  - **The ADAPT programme** – the ADAPT programme which assists displaced public sector workers to return to work or start their own business is extended (£5m);
  - **Free School Milk and Breakfasts** – commitment to these key delivery programmes is continued; and
  - **Student Finance** - from the academic year 2012-13 part-time Higher Education students will benefit from access to the same student finance package as full-time students (£4.3m/£10.9m/£13.8m).
9. As part of the budget setting exercise budgets in excess of £17.6 have been re-prioritised: to meet other Programme for Government pledges such as the establishment of a Masters qualification for teachers and the development of a virtual learning environment in schools; and to direct

more funding to the front-line through increases to the School Effectiveness Grant.

10. In setting this budget, the department has considered and assessed the impacts of the changes both on the organisations affected and, more importantly, on the learners and learning outcomes. Careful consideration has been given to equality impacts and to the need to tackle social inequalities more generally. The assessment of the decisions made in respect of the budget reductions applied within the draft budget are that they do not cause disproportionate impact to the specific groups on the basis of age, disability, gender and gender reassignment, race, religion or belief or non-belief and sexual orientation. We will continue to review the impact of budgets on equality impacts, and follow this through the further allocation to specific programmes, and external bodies.
11. The accounting architecture of the Education and Skills MEG has been re-aligned to match resources to departmental strategic outcomes and improve the transparency of budgets. The Action level budget plans are provided at Annex 1 as published on 4 October, together with the detailed Budget Expenditure Line detail at Annex 2.

### **Summary of Draft Budget Changes**

12. A summary of draft budget changes for each Action level budget is provided below.

- ***Education and Training Standards - 2012-13 Budget £1,145.5m***  
***“To raise the standards of education and training provision, attainment and infrastructure across Wales so that everyone can reach their potential.”***

#### *Literacy and Numeracy: 2012-13 Budget £5.5m*

13. In line with the Welsh Government's focus on raising educational standards, specifically on literacy and numeracy, in 2011-12 we have made budget transfers to create a specific Literacy and Numeracy budget. The necessary transfers are included within the budget as BEL to BEL changes. Funding for Literacy and Numeracy in schools of £7m has been redirected to the School Effectiveness Grant. Similarly, £1.1m has been transferred to the Employability of the Workforce budget for adults. A transfer of £2.2m from the Access Opportunities budget is included which relates to funding previously linked to literacy and numeracy programmes for families associated with the Cymorth programme, which remain within the Education and Skills portfolio.

14. This means that the 2011-12 baseline is £3.512m and the Literacy and Numeracy budget will see increases of £4m by 2014-15 from 2011-12 planned expenditure levels.

#### *Curriculum: 2012-13 Budget £123.3m*

15. The budget has been reduced by £4.2m with savings of £3.368m identified against the 14-19 Learning budget in 2012-13 which will be achieved through shifting delivery of 14-19 learning pathways to regional working. This rises to £4.611m in 2013-14.

Teaching & Leadership: 2012-13 Budget £20m

16. Additional funding of £0.5m has been identified by re-prioritisation within the Education and Skills MEG to provide funding to pilot more flexible forms of teacher training linked to our school improvement priorities. This rises to £1.1m in 2013-14 and £1.3m in 2014-15.

17. Further reconfiguration within this Action has been possible through redirecting resources from a number of smaller development programmes and reduction in the number of initial teacher training places to enable funding of some £4m to be allocated to support the development of a masters level qualification for teachers, another key pledge in the Programme for Government.

Qualifications: 2012-13 Budget £13.6m

18. Savings of £1.7m in demand led budgets have been made available for re-investment in other front-line services.

Post-16 Education: 2012-13 Budget £551.2m

19. This budget provides mainstream funding for school sixth forms, further education, work based learning and adult community learning, and remains largely unchanged from indicative budgets. Funding increases by £16m (2.9%) over the planning period from 2011-12 levels. Of this, the indicative budget for Further Education amounts to some £320m in 2012-13 and £325m in 2013-14, including funding for Welsh for Adults and FE in Higher Education provision. Indicative budgets for 2013-14 are rolled forward to 2014-15 in the draft budget. There is a small reduction of £0.1m in relation to the FE Policy Development BEL which is a consequence of programmes reaching their natural conclusion.

Higher Education: 2012-13 Budget £380.4m

20. There are no changes proposed to the indicative Higher Education budgets. The reforms being made to the higher education funding model are being managed within existing plans.

Education Structures: 2012-13 Budget £3.9m

21. This budget relates to the transformation agenda. There are no changes proposed.

Education Standards: 2012-13 Budget £39.9m

22. The establishment of a dedicated Literacy and Numeracy budget in 2011-12 mean an additional £7m will be directed to schools through the School Effectiveness Grant (SEG) during the current year. In addition, the identification of savings and the reprioritisation of resources from other budgets within the MEG have enabled a significant increase of funding to local authorities for the SEG. This equates to a further increase of £7.552m in 2012-13, £13.195m in 2013-14 and £17.595m in 2014-15. In

addition, funding for the protection afforded to schools budgets is extended to 2014-15.

ICT & Information Management Systems: 2012-13 Budget £7.5m

23. There are no changes proposed to the indicative budget. However, reprioritisation from within this budget has enabled up to £0.5m to be identified to scope the development of a virtual learning environment for schools, another commitment made in the Programme for Government.

- **Skilled Workforce – 2012-13 Budget £82.4m**  
***“To deliver a suitably skilled workforce with high quality opportunities for all learners.”***

Skills in the Workplace: 2012-13 Budget £27.8m

24. An additional £5m has been made available recurrently to continue the ADAPT programme, which assists displaced public sector workers to return to work or start their own business. A budget of £3m for Skills Growth has been created through re-prioritisation of resources within the BEL as well as £1.35m transferred from the Employability BEL.

Employability: 2012-13 Budget £18.7m

25. This budget benefits from additional funding of £12.5m per annum to create the Jobs Growth Wales with the expectation that a further £12.5m of match funding will be received from the European Social Fund. A further £1.1m is transferred in for adult Literacy and Numeracy. This is off-set by a £1m recurrent transfer to the Business, Enterprise and Technology MEG in respect of the National Science Academy plus £1.35m transferred to the Skills in the Workplace Action to create the Skills Growth budget.

Educational & Careers Choice: 2012-13 Budget £36m

26. The Careers Service budget for 2012-13 remains unchanged from indicative budgets. A further reduction of £5m is planned from 2013-14 with the expectation that savings will be delivered through reconfiguration of the delivery method of the Careers Service following the review of the scope and provision of services.

- **Economic & Social Wellbeing & Reducing Inequality - 2012-13 Budget £390.8m**  
***“To support individuals, families, communities and businesses in improving economic and social wellbeing and reducing inequality through education and training.”***

Access To Opportunities: 2012-13 Budget £4.9m

27. The budget for Supporting Young People has been reduced due to the transfer of £2.259m to the Literacy and Numeracy budget. This transfer relates to literacy and numeracy programmes for families, previously associated with the Cymorth programme.

Wellbeing of Children & Young People Budget £62.6m

28. This budget sees the transfer of £0.21m to the Central Services and Administration MEG in respect of a shift in responsibility for the SEN Tribunal for Wales. Efficiency savings of £2m have been identified within the Additional Learning Needs budget, which have been redirected to Post-16 SEN within this Action to meet potential pressures on this demand led budget.

Post-16 Learner Support: 2012-13 Budget £310.9m

29. The extension of a package of support for part-time students that mirrors that offered to full-time students sees additional non-cash funding from central reserves of £4.3m in 2012-13, rising to £10.9m, and £13.8m in 2013-14 and 2014-15 respectively.

Pupil Engagement: 2012-13 Budget £12.2m

30. There are no changes proposed to the indicative budget.

- **Welsh Language -2012-13 Budget £26.4m**  
**“To see the Welsh language thrive in Wales.”**

Welsh Learning: 2012-13 Budget £12.4m

31. There are no changes proposed to this indicative budget.

Welsh Language Board: 2012-13 Budget £13.9m

32. There are no changes proposed to this indicative budget. However, the Welsh Language (Wales) Measure 2011 will bring in significant changes, with the creation of a Welsh Language Commissioner, Welsh Language Tribunal, a new system of Welsh Language Standards and new rights for the people of Wales. These plans have not yet been finalised and are, therefore, not reflected in these budget proposals.

- **Delivery Support 2012-13 Budget £3.1m**  
**“Resources are managed and support the delivery of outcomes.” -**

Strategic Communications: 2012-13 Budget £1.5m

33. A careful scrutiny of the Education and Skills Department's communications and marketing budgets has led to the release of £1m for re-investment in front-line services.

Education Research & Services: 2012-13 Budget £1.6m

34. Similar savings of £1m are planned in the research and evaluation budgets which will be released to the front-line.

## **Summary**

35. The Education and Skills Draft Budget for 2012-13 is presented to the committee for consideration.

EDUCATION AND SKILLS MAIN EXPENDITURE GROUP												
REVENUE BUDGET - Departmental Expenditure Limit (DEL)												
												£000's
SPA	Actions	2011-12 Supplementary Budget June 2011	2012-13 Indicative Plans Supplementary Budget June 2011	2012-13 Changes	2012-13 Draft Budget New Plans	2013-14 Indicative Plans Supplementary Budget June 2011	2013-14 Changes	2013-14 Draft Budget New Plans	2014-15 Indicative Plans Supplementary Budget June 2011	2014-15 Changes	2014-15 Draft Budget New Plans	COMMENTS
Education and Training Standards	Literacy and numeracy	9,353	11,353	-5,841	5,512	13,353	-5,841	7,512	13,353	-5,841	7,512	1. Transfer in of £2.259m from Access to Opportunities, transfer out of £7m to Education Standards and of £1.1m to Employability.
	Curriculum	121,562	127,562	-4,216	123,346	131,462	-5,459	126,003	131,462	-5,459	126,003	1. Savings identified of £3.368m in 2012-13 rising to £4.611m from 2013-14 onwards in respect of movement to regional consortia working for 14-19 Learning Pathways. 2. Further savings identified from 2012-13 of £0.45m from Curriculum and Assessment and £0.398m from Support from Improving Standards as programmes of work come to an end.
	Teaching and leadership	20,218	19,548	500	20,048	18,815	1,100	19,915	18,815	1,300	20,115	1. Increase provided from savings identified in other actions to pilot more flexible forms of teacher training linked to our school improvement priorities. 2. Re-prioritisation from within existing budgets within this Action to develop a masters level qualification for teachers.
	Qualifications	15,304	15,304	-1,736	13,568	15,304	-1,736	13,568	15,304	-1,736	13,568	Savings identified from 2012-13 as programmes of work reach their natural conclusion and the identification of efficiencies.
	Post-16 education	542,376	551,345	-100	551,245	558,476	-100	558,376	558,476	-100	558,376	Savings identified from FE Policy Development due to the conclusion of the FE Governance Review.
	Higher education	394,479	380,424	0	380,424	380,284	0	380,284	380,284	0	380,284	
	Education Structures	3,943	3,943	0	3,943	3,943	0	3,943	3,943	0	3,943	
	Educational Standards	22,600	25,300	14,552	39,852	29,500	20,195	49,695	29,500	24,595	54,095	1. Additional allocation from the Central Reserve of £4.6m in 2014-15 only in respect of protection of schools budgets. 2. Additional funding provided for schools from savings identified in other Actions of £7.552m in 2012-13, £13.195m in 2013-14 and £12.995m in 2014-15. 3. Transfer in of £7m from Literacy & Numeracy.
	ICT & Information Management Systems	7,655	7,538	0	7,538	7,423	0	7,423	7,423	0	7,423	Re-prioritisation within this Action will provide £0.5m to develop proposals for a Virtual Learning Environment in schools.
<b>Total Education and Training Standards</b>		<b>1,137,490</b>	<b>1,142,317</b>	<b>3,159</b>	<b>1,145,476</b>	<b>1,158,560</b>	<b>8,159</b>	<b>1,166,719</b>	<b>1,158,560</b>	<b>12,759</b>	<b>1,171,319</b>	
Skilled Workforce	Skills in the workplace	25,952	21,406	6,350	27,756	22,006	6,350	28,356	22,006	6,350	28,356	1. Transfer in of £1.35m from the Employability of the workforce action plus re-prioritisation with this Action to provide £3m per annum for the Skills Growth programme. 2. Additional allocation of £5m from the Central Reserve in respect of the Adapt programme.
	Maximised youth & adult engagement	0	0	0	0	0	0	0	0	0	0	
	Improved response to skills priorities	0	0	0	0	0	0	0	0	0	0	
	Employability of the workforce	6,433	7,433	11,250	18,683	7,433	11,250	18,683	7,433	11,250	18,683	1. Additional allocation from the Central Reserve of £12.5m in each financial year to fund the establishment of a Welsh Jobs Fund. 2. Transfer out of £1.35m to the Skills in the workplace action in respect of the Skills Growth programme. 3. Transfer out of £1m to the Business, Enterprise, Technology and Science MEG in respect of the National Science Academy. 4. Transfer in of £1.1m from Literacy & Numeracy.
	Increase Welsh Universities research and development	0	0	0	1	0	0	0	0	0	0	
	Educational and careers choice	38,000	36,000	0	36,000	35,000	-5,000	30,000	35,000	-5,000	30,000	Further savings identified due to the reform of Careers Wales from 2013-14.
<b>Total Skilled Workforce</b>		<b>70,385</b>	<b>64,839</b>	<b>17,600</b>	<b>82,439</b>	<b>64,439</b>	<b>12,600</b>	<b>77,039</b>	<b>64,439</b>	<b>12,600</b>	<b>77,039</b>	
Economic & Social Wellbeing & Reducing Inequality	Access opportunities	7,229	7,253	-2,259	4,994	7,253	-2,259	4,994	7,253	-2,259	4,994	Transfer out of £2.259m to Literacy & Numeracy.
	Wellbeing of children and young people	60,590	62,840	-210	62,630	65,090	-210	64,880	65,090	-75	65,015	1. Additional allocation from the Central Reserve of £0.03m in 2014-15 only in respect of School Milk. 2. Additional allocation from the Central Reserve of £0.105m in 2014-15 only in respect of School Breakfasts. 3. Transfer out of £0.21m to the Central Services & Admin MEG in respect of the SEN Tribunal for Wales.
	Post-16 learner support	311,281	306,680	4,300	310,980	308,073	10,900	318,973	308,073	13,800	321,873	Additional allocation from the Central Reserve of £4.3m in 2012-13; £10.9m in 2013-14 and £13.8m in 2014-15 in respect of extending student support to part-time students in Wales.
	Pupil engagement	11,658	12,158	0	12,158	12,758	0	12,758	12,758	0	12,758	
<b>Total Wellbeing</b>		<b>390,758</b>	<b>388,931</b>	<b>1,831</b>	<b>390,762</b>	<b>393,174</b>	<b>8,431</b>	<b>401,605</b>	<b>393,174</b>	<b>11,466</b>	<b>404,640</b>	
Welsh Language	Welsh learning	12,377	12,377	0	12,377	12,377	0	12,377	12,377	0	12,377	
	Welsh Language Board	13,878	13,978	0	13,978	14,078	0	14,078	14,078	0	14,078	
<b>Total Welsh Language</b>		<b>26,255</b>	<b>26,355</b>	<b>0</b>	<b>26,355</b>	<b>26,455</b>	<b>0</b>	<b>26,455</b>	<b>26,455</b>	<b>0</b>	<b>26,455</b>	
Delivery Support	Delivery support	5,313	5,148	-2,000	3,148	5,006	-2,000	3,006	5,006	-2,000	3,006	Efficiency savings identified from Strategic Communications and Research and Evaluation budgets reallocated to front-line services (schools).
	<b>Total Delivery Support</b>		<b>5,313</b>	<b>5,148</b>	<b>-2,000</b>	<b>3,148</b>	<b>5,006</b>	<b>-2,000</b>	<b>3,006</b>	<b>5,006</b>	<b>-2,000</b>	<b>3,006</b>
<b>Total Revenue DEL - Education and Skills</b>		<b>1,630,201</b>	<b>1,627,590</b>	<b>20,590</b>	<b>1,648,180</b>	<b>1,647,634</b>	<b>27,190</b>	<b>1,674,824</b>	<b>1,647,634</b>	<b>34,825</b>	<b>1,682,459</b>	



CAPITAL BUDGET - Departmental Expenditure Limit (DEL)		£000's					£000's			£000's	
SPA	Actions	2011-12 Supplementary Budget June 2011	2012-13 Indicative Plans Supplementary Budget June 2011	2012-13 Changes	2012-13 Draft Budget New Plans	2013-14 Indicative Plans Supplementary Budget June 2011	2013-14 Changes	2013-14 Draft Budget New Plans	2014-15 Indicative Plans Supplementary Budget June 2011	2014-15 Changes	2014-15 Draft Budget New Plans
Educational Standards	Estate and IT provision	169,923	161,243	0	161,243	143,734	0	143,734	143,734	0	143,734
	<b>Total Raising Standards</b>	<b>169,923</b>	<b>161,243</b>	<b>0</b>	<b>161,243</b>	<b>143,734</b>	<b>0</b>	<b>143,734</b>	<b>143,734</b>	<b>0</b>	<b>143,734</b>
Welsh Language	Welsh Language Board	50	100	0	100	100	0	100	100	0	100
	<b>Total Welsh Language</b>	<b>50</b>	<b>100</b>	<b>0</b>	<b>100</b>	<b>100</b>	<b>0</b>	<b>100</b>	<b>100</b>	<b>0</b>	<b>100</b>
	<b>Total Capital DEL - Education and Skills</b>	<b>169,973</b>	<b>161,343</b>	<b>0</b>	<b>161,343</b>	<b>143,834</b>	<b>0</b>	<b>143,834</b>	<b>143,834</b>	<b>0</b>	<b>143,834</b>

REVENUE & CAPITAL BUDGET - Annually Managed Expenditure (AME)		£000's					£000's			£000's	
SPA	Actions	2011-12 Supplementary Budget June 2011	2012-13 Indicative Plans Supplementary Budget June 2011	2012-13 Changes	2012-13 Draft Budget New Plans	2013-14 Indicative Plans Supplementary Budget June 2011	2013-14 Changes	2013-14 Draft Budget New Plans	2014-15 Indicative Plans Supplementary Budget June 2011	2014-15 Changes	2014-15 Draft Budget New Plans
Economic & Social Wellbeing & Reducing Inequality	Post-16 learner support	-115,649	-132,021	32,128	-99,893	-150,601	42,146	-108,455	-150,601	24,627	-125,974
Economic & Social Wellbeing & Reducing Inequality	Post-16 learner support	240,951	254,333	-3,915	250,418	262,610	7,130	269,740	262,610	16,674	279,284
	<b>Total Support for Wellbeing</b>	<b>125,302</b>	<b>122,312</b>	<b>28,213</b>	<b>150,525</b>	<b>112,009</b>	<b>49,276</b>	<b>161,285</b>	<b>112,009</b>	<b>41,301</b>	<b>153,310</b>
	<b>Total AME - Education and Skills</b>	<b>125,302</b>	<b>122,312</b>	<b>28,213</b>	<b>150,525</b>	<b>112,009</b>	<b>49,276</b>	<b>161,285</b>	<b>112,009</b>	<b>41,301</b>	<b>153,310</b>

Education and Skills - Summary		£000's					£000's			£000's	
		2011-12 Supplementary Budget June 2011	2012-13 Indicative Plans Supplementary Budget June 2011	2012-13 Changes	2012-13 Draft Budget New Plans	2013-14 Indicative Plans Supplementary Budget June 2011	2013-14 Changes	2013-14 Draft Budget New Plans	2014-15 Indicative Plans Supplementary Budget June 2011	2014-15 Changes	2014-15 Draft Budget New Plans
	Revenue DEL	1,630,201	1,627,590	20,590	1,648,180	1,647,634	27,190	1,674,824	1,647,634	34,825	1,682,459
	Capital DEL	169,973	161,343	0	161,343	143,834	0	143,834	143,834	0	143,834
	<b>Total DEL</b>	<b>1,800,174</b>	<b>1,788,933</b>	<b>20,590</b>	<b>1,809,523</b>	<b>1,791,468</b>	<b>27,190</b>	<b>1,818,658</b>	<b>1,791,468</b>	<b>34,825</b>	<b>1,826,293</b>
	Revenue AME	-115,649	-132,021	32,128	-99,893	-150,601	42,146	-108,455	-150,601	24,627	-125,974
	Capital AME	240,951	254,333	-3,915	250,418	262,610	7,130	269,740	262,610	16,674	279,284
	<b>Total AME</b>	<b>125,302</b>	<b>122,312</b>	<b>28,213</b>	<b>150,525</b>	<b>112,009</b>	<b>49,276</b>	<b>161,285</b>	<b>112,009</b>	<b>41,301</b>	<b>153,310</b>
	<b>Total Education and Skills</b>	<b>1,925,476</b>	<b>1,911,245</b>	<b>48,803</b>	<b>1,960,048</b>	<b>1,903,477</b>	<b>76,466</b>	<b>1,979,943</b>	<b>1,903,477</b>	<b>76,126</b>	<b>1,979,603</b>

EDUCATION & SKILLS MEG  
REVENUE BUDGET - DEL

Budget Expenditure Line (BEL)	2011-12	2012-13	2012-13	2012-13	2013-14	2013-14	2013-14	2014-15	2014-15	2014-15
	Supp Budget £000	Indicative Supp Budget Plans £000	Changes £000	Draft Budget New Plans £000	Indicative Supp Budget Plans £000	Changes £000	Draft Budget New Plans £000	Indicative Supp Budget Plans £000	Changes £000	Draft Budget New Plans £000
<b>Basic Skills- Literacy &amp; Numeracy</b>	9,353	11,353	-5,841	5,512	13,353	-5,841	7,512	13,353	-5,841	7,512
<b>Literacy &amp; Numeracy</b>	<b>9,353</b>	<b>11,353</b>	<b>-5,841</b>	<b>5,512</b>	<b>13,353</b>	<b>-5,841</b>	<b>7,512</b>	<b>13,353</b>	<b>-5,841</b>	<b>7,512</b>
14-19 Learning in Wales	20,620	20,620	-3,368	17,252	20,620	-4,611	16,009	20,620	-4,611	16,009
Foundation Phase	91,151	97,151	0	97,151	101,051	0	101,051	101,051	0	101,051
Curriculum & Assessment	3,576	3,576	5,367	8,943	3,576	5,367	8,943	3,576	5,367	8,943
<b>Support for Improving Standards</b>	6,215	6,215	-6,215	0	6,215	-6,215	0	6,215	-6,215	0
<b>Curriculum</b>	<b>121,562</b>	<b>127,562</b>	<b>-4,216</b>	<b>123,346</b>	<b>131,462</b>	<b>-5,459</b>	<b>126,003</b>	<b>131,462</b>	<b>-5,459</b>	<b>126,003</b>
<b>General Teaching Council</b>	6,501	6,273	-6,273	0	5,972	-5,972	0	5,972	-5,972	0
<b>Teacher Train &amp; Recruit Qualified</b>	10,155	9,713	-9,713	0	9,281	-9,281	0	9,281	-9,281	0
Teacher Development and Support	3,185	3,185	16,863	20,048	3,185	16,730	19,915	3,185	16,930	20,115
<b>DYSG</b>	377	377	-377	0	377	-377	0	377	-377	0
<b>Teaching &amp; Leadership</b>	<b>20,218</b>	<b>19,548</b>	<b>500</b>	<b>20,048</b>	<b>18,815</b>	<b>1,100</b>	<b>19,915</b>	<b>18,815</b>	<b>1,300</b>	<b>20,115</b>
Qualifications inc Welsh Bacc	15,304	15,304	-1,736	13,568	15,304	-1,736	13,568	15,304	-1,736	13,568
<b>Qualifications</b>	<b>15,304</b>	<b>15,304</b>	<b>-1,736</b>	<b>13,568</b>	<b>15,304</b>	<b>-1,736</b>	<b>13,568</b>	<b>15,304</b>	<b>-1,736</b>	<b>13,568</b>
Further Education Provision	316,372	573,901	-128,710	445,191	581,032	-130,000	451,032	581,032	-130,000	451,032
School Sixth Forms	115,874	0	0	0	0	0	0	0	0	0
Work Based Learning	126,810	0	128,710	128,710	0	130,000	130,000	0	130,000	130,000
Adult Community Learning	5,876	0	0	0	0	0	0	0	0	0
FE Policy Development	836	836	-100	736	836	-100	736	836	-100	736
Post-16 receipts	-23,392	-23,392	0	-23,392	-23,392	0	-23,392	-23,392	0	-23,392
<b>Post-16 Education</b>	<b>542,376</b>	<b>551,345</b>	<b>-100</b>	<b>551,245</b>	<b>558,476</b>	<b>-100</b>	<b>558,376</b>	<b>558,476</b>	<b>-100</b>	<b>558,376</b>
HEFCW-Running Costs	3,013	2,908	0	2,908	2,768	0	2,768	2,768	0	2,768
Higher Education Revenue	380,082	356,032	0	356,032	348,732	0	348,732	348,732	0	348,732
Higher Education Receipts	-2,798	-2,798	0	-2,798	-2,798	0	-2,798	-2,798	0	-2,798
For Our Future - Coleg Ffederal & UHOVI	14,100	24,200	0	24,200	31,500	0	31,500	31,500	0	31,500
HEFCW Depreciation	82	82	0	82	82	0	82	82	0	82
<b>Higher Education</b>	<b>394,479</b>	<b>380,424</b>	<b>0</b>	<b>380,424</b>	<b>380,284</b>	<b>0</b>	<b>380,284</b>	<b>380,284</b>	<b>0</b>	<b>380,284</b>
Transformation	3,943	3,943	0	3,943	3,943	0	3,943	3,943	0	3,943
<b>Education Structures</b>	<b>3,943</b>	<b>3,943</b>	<b>0</b>	<b>3,943</b>	<b>3,943</b>	<b>0</b>	<b>3,943</b>	<b>3,943</b>	<b>0</b>	<b>3,943</b>
<b>School Governor Activities</b>	702	702	-702	0	702	-702	0	702	-702	0
School Effectiveness Grant	18,849	21,549	16,024	37,573	25,749	21,667	47,416	25,749	26,067	51,816
<b>Schools Performance Improvement</b>	737	737	-737	0	737	-737	0	737	-737	0
<b>Other Schools Inspections</b>	10	10	-10	0	10	-10	0	10	-10	0
<b>School Uniform Grant</b>	770	770	-770	0	770	-770	0	770	-770	0
<b>School Effectiveness Standards Support</b>	1,532	1,532	747	2,279	1,532	747	2,279	1,532	747	2,279
<b>Education Standards</b>	<b>22,600</b>	<b>25,300</b>	<b>14,552</b>	<b>39,852</b>	<b>29,500</b>	<b>20,195</b>	<b>49,695</b>	<b>29,500</b>	<b>24,595</b>	<b>54,095</b>
Information Systems	2,094	2,094	-2,094	0	2,094	-2,094	0	2,094	-2,094	0
<b>Education IT Strategy- ICT &amp; IMS Programme</b>	5,561	5,444	2,094	7,538	5,329	2,094	7,423	5,329	2,094	7,423
<b>ICT &amp; Information Management Systems</b>	<b>7,655</b>	<b>7,538</b>	<b>0</b>	<b>7,538</b>	<b>7,423</b>	<b>0</b>	<b>7,423</b>	<b>7,423</b>	<b>0</b>	<b>7,423</b>
<b>Education and Training Standards</b>	<b>1,137,490</b>	<b>1,142,317</b>	<b>3,159</b>	<b>1,145,476</b>	<b>1,158,560</b>	<b>8,159</b>	<b>1,166,719</b>	<b>1,158,560</b>	<b>12,759</b>	<b>1,171,319</b>

Budget Expenditure Line (BEL)	2011-12	2012-13	2012-13	2012-13	2013-14	2013-14	2013-14	2014-15	2014-15	2014-15
	Supp Budget £000	Indicative Supp Budget Plans £000	Changes £000	Draft Budget New Plans £000	Indicative Supp Budget Plans £000	Changes £000	Draft Budget New Plans £000	Indicative Supp Budget Plans £000	Changes £000	Draft Budget New Plans £000
Skills Development and Workplace Learning	25,413	20,867	6,889	27,756	21,467	6,889	28,356	21,467	6,889	28,356
Strategic Investment - External Match Funding	539	539	-539	0	539	-539	0	539	-539	0
<b>Skills in the Workplace</b>	<b>25,952</b>	<b>21,406</b>	<b>6,350</b>	<b>27,756</b>	<b>22,006</b>	<b>6,350</b>	<b>28,356</b>	<b>22,006</b>	<b>6,350</b>	<b>28,356</b>
Employability	6,433	7,433	11,250	18,683	7,433	11,250	18,683	7,433	11,250	18,683
<b>Employability</b>	<b>6,433</b>	<b>7,433</b>	<b>11,250</b>	<b>18,683</b>	<b>7,433</b>	<b>11,250</b>	<b>18,683</b>	<b>7,433</b>	<b>11,250</b>	<b>18,683</b>
Careers Wales	38,000	36,000	0	36,000	35,000	-5,000	30,000	35,000	-5,000	30,000
<b>Educational &amp; Careers Choice</b>	<b>38,000</b>	<b>36,000</b>	<b>0</b>	<b>36,000</b>	<b>35,000</b>	<b>-5,000</b>	<b>30,000</b>	<b>35,000</b>	<b>-5,000</b>	<b>30,000</b>
<b>Skilled Workforce</b>	<b>70,385</b>	<b>64,839</b>	<b>17,600</b>	<b>82,439</b>	<b>64,439</b>	<b>12,600</b>	<b>77,039</b>	<b>64,439</b>	<b>12,600</b>	<b>77,039</b>
Supporting Young People	7,229	7,253	-2,259	4,994	7,253	-2,259	4,994	7,253	-2,259	4,994
<b>Access Opportunities</b>	<b>7,229</b>	<b>7,253</b>	<b>-2,259</b>	<b>4,994</b>	<b>7,253</b>	<b>-2,259</b>	<b>4,994</b>	<b>7,253</b>	<b>-2,259</b>	<b>4,994</b>
Spec. Placements/Students with Learning Difficulties FEIs	12,294	12,294	0	12,294	12,294	0	12,294	12,294	0	12,294
School Based Counselling	4,500	4,750	0	4,750	5,000	0	5,000	5,000	0	5,000
Food & Drink in Schools	15,850	17,850	0	17,850	19,850	0	19,850	19,850	135	19,985
Additional Learning Needs	5,506	5,506	-2,210	3,296	5,506	-2,210	3,296	5,506	-2,210	3,296
Post 16 Inclusion & Supp for Learning SEN	22,440	22,440	2,000	24,440	22,440	2,000	24,440	22,440	2,000	24,440
<b>Wellbeing of Children &amp; Young People</b>	<b>60,590</b>	<b>62,840</b>	<b>-210</b>	<b>62,630</b>	<b>65,090</b>	<b>-210</b>	<b>64,880</b>	<b>65,090</b>	<b>-75</b>	<b>65,015</b>
Assembly Learning Grant	195,236	196,323	0	196,323	198,232	0	198,232	198,232	0	198,232
SLC/HMRC Administration Costs	8,541	7,985	0	7,985	7,469	0	7,469	7,469	0	7,469
Maintenance Loans Res Budget Prov	97,918	92,918	4,300	97,218	92,918	10,900	103,818	92,918	13,800	106,718
Targeted Awards	9,354	9,354	100	9,454	9,354	100	9,454	9,354	100	9,454
Supp for Learning (Coleg Harlech Bursaries)	232	100	-100	0	100	-100	0	100	-100	0
<b>Post-16 Learner Support</b>	<b>311,281</b>	<b>306,680</b>	<b>4,300</b>	<b>310,980</b>	<b>308,073</b>	<b>10,900</b>	<b>318,973</b>	<b>308,073</b>	<b>13,800</b>	<b>321,873</b>
Tackling Disaffection	1,158	1,158	0	1,158	1,158	0	1,158	1,158	0	1,158
Grants for the education of travellers children	900	1,000	0	1,000	1,100	0	1,100	1,100	0	1,100
Minority Ethnic Achievement Grant	9,600	10,000	0	10,000	10,500	0	10,500	10,500	0	10,500
<b>Pupil Engagement</b>	<b>11,658</b>	<b>12,158</b>	<b>0</b>	<b>12,158</b>	<b>12,758</b>	<b>0</b>	<b>12,758</b>	<b>12,758</b>	<b>0</b>	<b>12,758</b>
<b>Economic &amp; Social Wellbeing &amp; Reducing Inequality</b>	<b>390,758</b>	<b>388,931</b>	<b>1,831</b>	<b>390,762</b>	<b>393,174</b>	<b>8,431</b>	<b>401,605</b>	<b>393,174</b>	<b>11,466</b>	<b>404,640</b>
Welsh Language Development Unit	12,377	12,377	0	12,377	12,377	0	12,377	12,377	0	12,377
<b>Welsh Learning</b>	<b>12,377</b>	<b>12,377</b>	<b>0</b>	<b>12,377</b>	<b>12,377</b>	<b>0</b>	<b>12,377</b>	<b>12,377</b>	<b>0</b>	<b>12,377</b>
Welsh Language Board	13,878	13,978	0	13,978	14,078	0	14,078	14,078	0	14,078
<b>Welsh Language Board</b>	<b>13,878</b>	<b>13,978</b>	<b>0</b>	<b>13,978</b>	<b>14,078</b>	<b>0</b>	<b>14,078</b>	<b>14,078</b>	<b>0</b>	<b>14,078</b>
<b>Welsh Language</b>	<b>26,255</b>	<b>26,355</b>	<b>0</b>	<b>26,355</b>	<b>26,455</b>	<b>0</b>	<b>26,455</b>	<b>26,455</b>	<b>0</b>	<b>26,455</b>
Strategic Communications	2,614	2,544	-1,000	1,544	2,483	-1,000	1,483	2,483	-1,000	1,483
<del>International Education Initiatives</del>	238	238	-238	0	238	-238	0	238	-238	0
Education Research & Services	2,461	2,366	-762	1,604	2,285	-762	1,523	2,285	-762	1,523
<b>Delivery Support</b>	<b>5,313</b>	<b>5,148</b>	<b>-2,000</b>	<b>3,148</b>	<b>5,006</b>	<b>-2,000</b>	<b>3,006</b>	<b>5,006</b>	<b>-2,000</b>	<b>3,006</b>
<b>E&amp;S Revenue (including non-cash) DEL</b>	<b>1,630,201</b>	<b>1,627,590</b>	<b>20,590</b>	<b>1,648,180</b>	<b>1,647,634</b>	<b>27,190</b>	<b>1,674,824</b>	<b>1,647,634</b>	<b>34,825</b>	<b>1,682,459</b>

## CAPITAL BUDGET - DEL

Budget Expenditure Line (BEL)	2011-12		2012-13		2013-14		2014-15		2014-15	
	Supp	Budget	Indicative Supp	Changes	Indicative Supp	Changes	Indicative Supp	Changes	Indicative Supp	Draft Budget
	£000	£000	£000	£000	£000	£000	£000	£000	£000	Draft Budget
General Support	51,900		48,278	0	48,278	43,021	0	43,021	43,021	43,021
Strategic Investment	118,023		112,965	0	112,965	100,713	0	100,713	100,713	100,713
Estate & IT Provision	169,923		161,243	0	161,243	143,734	0	143,734	143,734	143,734
Education and Training Standards	169,923		161,243	0	161,243	143,734	0	143,734	143,734	143,734
Bilingual Wales Fund - Capital	50		100	0	100	100	0	100	100	100
Welsh Language	50		100	0	100	100	0	100	100	100
<b>TOTAL E&amp;S CAPITAL DEL</b>	<b>169,973</b>		<b>161,343</b>	<b>0</b>	<b>161,343</b>	<b>143,834</b>	<b>0</b>	<b>143,834</b>	<b>143,834</b>	<b>143,834</b>

## ANNUALLY MANAGED EXPENDITURE

Budget Expenditure Line (BEL)	2011-12		2012-13		2013-14		2014-15		2014-15		
	Supp	Budget	Indicative Supp	Changes	Indicative Supp	Changes	Indicative Supp	Changes	Indicative Supp	Draft Budget	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	Draft Budget	
Cash Payments/Repayments Student AME - Capital	240,951		254,333	-3,915	250,418	262,610	7,130	269,740	262,610	16,674	279,284
Cash Payments/Repayments Student AME - Revenue	-115,649		-132,021	32,128	-99,893	-150,601	42,146	-108,455	-150,601	24,627	-125,974
Post-16 Learner Support	125,302		122,312	28,213	150,525	112,009	49,276	161,285	112,009	41,301	153,310
<b>TOTAL Support for Wellbeing AME</b>	<b>125,302</b>		<b>122,312</b>	<b>28,213</b>	<b>150,525</b>	<b>112,009</b>	<b>49,276</b>	<b>161,285</b>	<b>112,009</b>	<b>41,301</b>	<b>153,310</b>
<b>TOTAL E&amp;S AME</b>	<b>125,302</b>		<b>122,312</b>	<b>28,213</b>	<b>150,525</b>	<b>112,009</b>	<b>49,276</b>	<b>161,285</b>	<b>112,009</b>	<b>41,301</b>	<b>153,310</b>

## CELLS MEG - SUMMARY

	2011-12		2012-13		2013-14		2014-15		2014-15		
	Supp	Budget	Indicative Supp	Changes	Indicative Supp	Changes	Indicative Supp	Changes	Indicative Supp	Draft Budget	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	Draft Budget	
Revenue DEL	1,630,201		1,627,590	20,590	1,648,180	1,647,634	27,190	1,674,824	1,647,634	34,825	1,682,459
Capital DEL	169,973		161,343	0	161,343	143,834	0	143,834	143,834	0	143,834
<b>Total DEL</b>	<b>1,800,174</b>		<b>1,788,933</b>	<b>20,590</b>	<b>1,809,523</b>	<b>1,791,468</b>	<b>27,190</b>	<b>1,818,658</b>	<b>1,791,468</b>	<b>34,825</b>	<b>1,826,293</b>
Annually Managed Expenditure	125,302		122,312	28,213	150,525	112,009	49,276	161,285	112,009	41,301	153,310
<b>Education &amp; Skills</b>	<b>1,925,476</b>		<b>1,911,245</b>	<b>48,803</b>	<b>1,960,048</b>	<b>1,903,477</b>	<b>76,466</b>	<b>1,979,943</b>	<b>1,903,477</b>	<b>76,126</b>	<b>1,979,603</b>

## Memorandum on the Business, Enterprise, Technology and Science (BETS) Draft Budget Proposals for 2012/13

Enterprise and Business Committee - 12th October 2011

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### Introduction

This paper provides information on the BETS budget proposals as outlined in the draft budget announced on 4th October 2011. This paper does not cover detail relating to the Deputy Minister for Agriculture, Fisheries and European programmes. It also does not cover detailed items relating to Tourism and Major Events which are being scrutinised by the Communities, Equality and Local Government Committee on the 19<sup>th</sup> October.

### Summary of Budget Changes

The total Main Expenditure Group (MEG) allocation has increased by £1m in 2012/13 and £1m in 2013/14, compared to indicative plans for 2012/13, published in the Final Budget 2011/12, (as restated based on the new structure in the First Supplementary Budget 2011/12), The indicative plan for 2014/15, is £263.8m (the same as in 2013/14).

The additional resource funding is associated with the National Science Academy with a transfer of £1m per annum. A revenue budget of £2.7m for innovation schemes has been realigned to the Encouraging Innovation SPA and £0.3m for strategic programme support has also been realigned to the Strategy and Corporate Programmes SPA

The draft budget for 2012/13 for BETS contains only minor changes in comparison to the Department's indicative budget allocations in the previous Welsh Government budget. These adjustments clarify the allocation of resources for delivery in specific areas.

The table below shows the overall effect on the DEL baseline budget.

	2011/12 Supplementary Budget £'000	Changes £'000	2012/13 Proposed Budget £'000	2013/14 Indicative Plans £'000	2014/15 Indicative Plans £'000
Revenue	184,095	(2,776)	181,319	182,877	182,877
Capital	94,588	(6,132)	88,456	79,370	79,370
Non Cash	1,551	0	1,551	1,551	1,551
AME	41,402	0	41,402	41,402	41,402
DEL	321,636	(8,908)	312,728	305,200	305,200

The £8.908m reduction is primarily from the following budget areas:

### **Revenue £2.776m**

- A net reduction in funding of £2.722m in the Sectors & Business Group reflecting reductions in legacy Single Investment Fund (SIF) commitments, core funding for Finance Wales and transfers to Innovation and Corporate and Strategy Programmes;

- A reduction of £0.128m in Tourism, Marketing and Major Events activities;
- An additional £0.945m provided for ICT infrastructure;
- An increase of £0.203m for corporate services and programmes reflecting the transfer of funding for stakeholder engagement from Sectors to Strategy Programmes
- A reduction of £1.074m relates to rural affairs

### Capital £6.132m

- Net reduction of £6.132m from efficiency savings and refocusing business support in line with profiled commitments for legacy SIF in order to release funds in support of ICT infrastructure and Sectors

### Funding of Spending Programme Areas

The Minister for Finance and Leader of the House announced the Round IV projects under the Invest-to-Save fund in June 2011. It included Public Sector Broadband Aggregation (PSBA) projects for accelerating the benefits of broadband in North Wales and other schemes with £4m allocated in the supplementary budget for 2011/2 and £1m made available in 2012/13.

#### Sectors & Business

Action	Expenditure Category	2011/12 Supplementary Budget £'000	2012/13 Proposed Budget £'000	2013/14 Indicative Plans £'000	2014/15 Indicative Plans £'000
Sectors and Business	Revenue	48,871	43,826	43,856	43,856
	Capital	69,129	59,992	43,711	43,711
	<b>TOTAL</b>	<b>118,000</b>	<b>103,818</b>	<b>87,567</b>	<b>87,567</b>

The total budget of £103.8m includes £89.4m for business support in 2012/13 to create an environment to help develop thriving companies. £14.4m will be allocated for entrepreneurship and business information

Six priority sectors were announced in 2010 with three additional sectors announced last month. Sector priorities will inform budget allocations, as previous commitments cease and funding is released for new priorities. We will continue to work closely with UK Trade & Investment (UKT&I) across international markets, to promote Wales as an inward investment location and to promote Welsh companies in international markets.

Funding of over £1.5m is available for trade activity for export activities which sectors can draw on.

£14.4m support for entrepreneurship and business information will include youth entrepreneurship, start-up support to encourage self employment and the creation of high potential starts and responsible business practices. This will also include ensuring that the mutual and co-operative sector has access to appropriate and robust business advice. Responsible Business practices will facilitate corporate social responsibility commitments for the Department.

The reduction of £14.182m from 2011/12 represents savings from re-profiled commitments on legacy SIF and efficiency savings redirected to meet other pressures within the DEL.

#### Finance Wales

Action	Expenditure Category	2011/12 Supplementary Budget £'000	2012/13 Proposed Budget £'000	2013/14 Indicative Plans £'000	2014/15 Indicative Plans £'000
Finance Wales	Revenue	5,102	4,802	4,102	4,102
	Capital	1,500	1,500	1,500	1,500
	<b>TOTAL</b>	<b>6,602</b>	<b>6,302</b>	<b>5,602</b>	<b>5,602</b>

This includes core funding to Finance Wales to provide investments for businesses in Wales and provision of capital to support the JEREMIE fund. The reduction of £0.300m represents efficiency savings in the operating costs of Finance Wales and will not adversely impact the operational delivery to SMEs.

#### Encouraging Innovation

Action	Expenditure Category	2011/12 Supplementary Budget £'000	2012/13 Proposed Budget £'000	2013/14 Indicative Plans £'000	2014/15 Indicative Plans £'000
Encouraging Innovation	Revenue	3,162	5,785	5,800	5,800
	Capital	433	357	300	300
	<b>TOTAL</b>	<b>3,595</b>	<b>6,142</b>	<b>6,100</b>	<b>6,100</b>

£6.1m has been allocated to encourage businesses to invest in Innovation and develop links with academia through the Business Innovation, A4B and Research, Development and Innovation programmes.

The net increase of £2.547m from 2011/12 reflects the transfer of £2.656m for Innovation based programmes from Sectors and Business. The funding for activities under the Academia for Business (A4B) programme is included within Sectors and Business activity, reflecting alignment of this programme to support sector and business activity. Efficiency savings of £0.109m are being achieved through rationalisation and focussing support.

The budget includes £1m funding for the National Science Academy (NSA) to encourage young people to engage with Science, Technology, Engineering and Mathematics subjects.

#### Regional Funding

Action	Expenditure Category	2011/12 Supplementary Budget £'000	2012/13 Proposed Budget £'000	2013/14 Indicative Plans £'000	2014/15 Indicative Plans £'000
Regional Funding	Revenue	2,005	2,005	2,005	2,005
	Capital	995	995	995	995

	<b>TOTAL</b>	<b>3,000</b>	<b>3,000</b>	<b>3,000</b>	<b>3,000</b>
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£3m of Regional Funding will align with Programme for Government commitments. Proposals are being developed for Regional Funding and will be agreed for delivery during 2011/12.

#### Tourism and Marketing

Action	Expenditure Category	2011/12 Supplementary Budget £'000	2012/13 Proposed Budget £'000	2013/14 Indicative Plans £'000	2014/15 Indicative Plans £'000
Tourism	Revenue	12,747	12,723	12,626	12,626
	Capital	2,790	2,595	2,313	2,313
	<b>TOTAL</b>	<b>15,537</b>	<b>15,318</b>	<b>14,939</b>	<b>14,939</b>

£18.1m funding for tourism (£15.318m) and marketing (£2.796m) actions will focus on increasing visitor demand and conversion, developing the visitor experience and facilitating relevant marketing campaigns. Administering the Tourism Investment Support Scheme and the UK harmonised grading schemes effectively will support improved product quality and higher levels of competitiveness in the tourism sector. The overall reduction of £0.219m represents efficiency savings in tourism actions.

Action	Expenditure Category	2011/12 Supplementary Budget £'000	2012/13 Proposed Budget £'000	2013/14 Indicative Plans £'000	2014/15 Indicative Plans £'000
Marketing	Revenue	2,840	2,796	2,815	2,815
	<b>TOTAL</b>	<b>2,840</b>	<b>2,796</b>	<b>2,815</b>	<b>2,815</b>

Marketing supports key campaigns and activities to help communication and success of delivery of BETS programme and projects. Efficiency savings of £0.044m from 2011/12 will be realised through focussed campaigns and rationalisation of procurement and supporting activities.

#### Major Events

Action	Expenditure Category	2011/12 Supplementary Budget £'000	2012/13 Proposed Budget £'000	2013/14 Indicative Plans £'000	2014/15 Indicative Plans £'000
Major Events	Revenue	3,930	3,870	3,897	3,897
	<b>TOTAL</b>	<b>3,930</b>	<b>3,870</b>	<b>3,897</b>	<b>3,897</b>

£3.9m funding for Major Events will support work with national, UK and international sports federations to ensure more major events are hosted in Wales in the future, ensuring that the whole of Wales reaps the benefits of this



ambition. The budget will also support work with Cardiff City Council to explore the feasibility of bidding to host the Commonwealth Games in 2026. The reduction of £0.060m from 2011/12 represents efficiency savings.

#### Infrastructure

Action	Expenditure Category	2011/12 Supplementary Budget £'000	2012/13 Proposed Budget £'000	2013/14 Indicative Plans £'000	2014/15 Indicative Plans £'000
Infrastructure	Revenue*	20,161	21,106	22,262	22,262
	Capital	6,291	10,031	18,456	18,456
	<b>TOTAL</b>	<b>26,452</b>	<b>31,137</b>	<b>40,718</b>	<b>40,718</b>

\* excludes non fiscal resource DEL of £1,309k

£31.1m (excluding non fiscal resource DEL) support for Property Related Infrastructure, ICT Infrastructure and the Next Generation Broadband for Wales project (NGBW). In respect of Property Related Infrastructure, the current property policy area covers management of the existing property portfolio, land reclamation programme and property offers to business.

A breakdown of the allocation within the budget for the NGBW cannot be ascertained until final bids are received from the bidders involved in the ongoing competitive process. A blend of Welsh Government, European Union and UK Government funding will be used to leverage private sector investment to support the project.

#### Rural Affairs

Action	Expenditure Category	2011/12 Supplementary Budget £'000	2012/13 Proposed Budget £'000	2013/14 Indicative Plans £'000	2014/15 Indicative Plans £'000
Rural Affairs	Revenue*	79,078	78,004	79,074	79,074
	Capital	13,001	12,569	11,723	11,723
	<b>TOTAL</b>	<b>92,089</b>	<b>90,573</b>	<b>90,797</b>	<b>90,797</b>

\* excludes non fiscal resource DEL of £242k

£90.6m support for rural businesses and communities will promote the sustainability of the farming, fisheries and agri-food industries and their associated supply chains in a way that enhances the socio economic, environmental and cultural cohesion of rural Wales. Making progress toward these outcomes involves working with key partner organisations as well as with other devolved administrations in the UK and EU. All aspects of Fisheries policy and strategy, legislation, fisheries management, enforcement and administration of the European Fisheries Fund will be supported as well as developing and marketing the Welsh food and drink industry.

#### Strategy & Corporate Programmes

Action	Expenditure Category	2011/12 Supplementary Budget	2012/13 Proposed Budget	2013/14 Indicative Plans	2014/15 Indicative Plans
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		£'000	£'000	£'000	£'000
Strategy & Corporate Programmes	Revenue	4,677	4,880	4,918	4,918
	Capital	449	417	372	372
	<b>TOTAL</b>	<b>5,126</b>	<b>5,297</b>	<b>5,290</b>	<b>5,290</b>

£5.3m supports the Health Challenge Programme, National Loans Fund repayments, and strategy support activity. This budget line also supports the economic analysis which underpins many spending decisions. The net additional £0.171m from 2011/12 reflects a transfer of funding from sectors to strategy programmes relating to stakeholder engagement

#### Welsh European Funding Office (WEFO)

Action	Expenditure Category	2011/12 Supplementary Budget £'000	2012/13 Proposed Budget £'000	2013/14 Indicative Plans £'000	2014/15 Indicative Plans £'000
WEFO	Manage Delivery of Structural Fund Programmes in Wales	1,522	1,522	1,522	1,522
	<b>TOTAL</b>	<b>1,522</b>	<b>1,522</b>	<b>1,522</b>	<b>1,522</b>

WEFO will continue to manage, monitor and report on the implementation of the EU Structural Fund programmes in Wales and ensure the alignment of EU Structural Fund programmes and projects with Welsh Government policies and EU policies and strategies.

#### Impact Assessments

An equality impact assessment process was undertaken when the indicative allocations were laid in the Final Budget of February 2011 and this remains relevant for the Draft Budget. We are currently focussing equality impact assessment at planning and implementation phase across the various areas of the department. This will include an action plan which will identify how the Department can assess impact across the span of its work.

In terms of sustainable development, we are working to encourage a low-carbon, low-waste and resource-efficient economy, working closely with businesses, collaborating with key partners and preparing sector strategies.

## Enterprise and Business Committee

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Meeting Venue: **Committee Room 1 – Senedd**

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Meeting date: **Thursday, 6 October 2011**

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Meeting time: **13:00 – 15:10**

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This meeting can be viewed on Senedd TV at:

[http://www.senedd.tv/archiveplayer.jsf?v=en\\_200003\\_06\\_10\\_2011&t=0&l=en](http://www.senedd.tv/archiveplayer.jsf?v=en_200003_06_10_2011&t=0&l=en)

Cynulliad  
Cenedlaethol  
Cymru

National  
Assembly for  
Wales



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### Concise Minutes:

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#### Assembly Members:

**Nick Ramsay (Chair)**  
**Byron Davies**  
**Keith Davies**  
**Julie James**  
**Alun Ffred Jones**  
**Eluned Parrott**  
**David Rees**  
**Ken Skates**  
**Joyce Watson**  
**Leanne Wood**

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#### Witnesses:

**Iestyn Davies, Federation of Small Business**  
**Sue Morris, Town Centre Market Trader**  
**Julie Williamson, Town Centre Market Trader**  
**Tom Ironside, British Retail Consortium**

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#### Committee Staff:

**Siân Phipps (Clerk)**  
**Meriel Singleton (Deputy Clerk)**

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### **1. Introductions, apologies and substitutions**

1.1 The Chair welcomed everybody to the meeting. No apologies had been received.

### **2. Inquiry into the Regeneration of Town Centres: Evidence Session**

2.1 The Chair welcomed Iestyn Davies, Sue Morris and Julie Williamson to the meeting. Members questioned the witnesses.

### **3. Inquiry into the Regeneration of Town Centres: Evidence Session**

3.1 The Chair welcomed Tom Ironside to the meeting. Members questioned the witness.

3.2 Tom Ironside agreed to provide further information on retail employees in Wales.

#### **4. Motion under Standing Order 17.42 to resolve to exclude the public for the remainder of the meeting**

4.1 The Chair moved a motion under Standing Order 17.42 to resolve to exclude the public for the remainder of the meeting.

4.2 The Committee agreed the motion, and moved into private session.

#### **5. Inquiry into EU Structural Funds: Discussion of Draft Terms of Reference**

5.1 The Committee discussed and agreed the draft terms of reference for the inquiry into EU Structural Funds.

#### **Transcript**

View the [meeting transcript](#).

## Enterprise and Business Committee

**Date:** 12<sup>th</sup> 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:

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

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.

HOUSING, REGENERATION AND HERITAGE MAIN EXPENDITURE GROUP (MEG) - REGENERATION BUDGET							
REVENUE BUDGET							
SPA	Actions	Budget expenditure Line (BEL)	BEL	2011-12 Final Budget	2012-13 Indicative Plans	2013-14 Indicative Plans	2014-15 Indicative Plans
Regeneration	Implementation of Strategic Regeneration areas	Implementation of Strategic Regeneration areas	4151	5,189	6,136	6,397	6,397
	Manage Delivery of Legacy Regeneration Areas	Manage Delivery of Legacy Regeneration Areas	4162	8,200	8,200	8,000	8,000
	Prepare Future Strategic Regeneration Areas	Prepare Future Strategic Regeneration Areas		0	0	0	0
	Groundwork & Coalfields Regeneration Trust	Groundwork & Coalfields Regeneration Trust	1400	1,100	0	0	0
<b>Total Revenue - Regeneration</b>				<b>14,489</b>	<b>14,336</b>	<b>14,397</b>	<b>14,397</b>

CAPITAL BUDGET							
SPA	Actions			2011-12 Final Budget	2012-13 Indicative Plans	2013-14 Indicative Plans	2013-14 Indicative Plans
Regeneration	Implementation of Strategic Regeneration areas	Implementation of Strategic Regeneration areas	4151	39,693	36,500	33,000	33,000
	Manage Delivery of Legacy Regeneration Areas	Manage Delivery of Legacy Regeneration Areas	4162	3,900	3,400	2,000	2,000
	Prepare Future Strategic Regeneration Areas	Prepare Future Strategic Regeneration Areas		0	0	0	0
	Local Authority Regeneration General Capital Funding	Local Authority Regeneration General Capital Funding	1380	11,500	11,577	10,888	10,888
	Groundwork & Coalfields Regeneration Trust	Groundwork & Coalfields Regeneration Trust	1400	250	0	0	0
<b>Total Capital - Regeneration</b>				<b>55,343</b>	<b>51,477</b>	<b>45,888</b>	<b>45,888</b>

Summary - Regeneration							
				2011-12 Final Budget	2012-13 Indicative Plans	2013-14 Indicative Plans	2013-14 Indicative Plans
	Revenue			14,489	14,336	14,397	14,397
	Capital			55,343	51,477	45,888	45,888
	<b>Total Budget - Regeneration</b>			<b>69,832</b>	<b>65,813</b>	<b>60,285</b>	<b>60,285</b>