

National Assembly for Wales

Draft Budget Proposals 2013-14 November 2012

This paper is intended to inform scrutiny of the Welsh Government's Draft Budget Proposals 2013-14. It provides an overview of the available Welsh block, the Welsh Government's spending plans for 2013-14 and how these compare to 2012-13 and previous indicative plans.

It also provides commentary on the major changes in each of the portfolio areas, showing further analysis and drawing on wider information than is available in the published budget documents.

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National Assembly for Wales

Draft Budget Proposals 2013-14
November 2012

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Paper number: 12/048

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Outline of paper

This paper provides an overview of the Welsh Government's Draft Budget Proposals 2013-14, as laid before the National Assembly for Wales on 2 October 2012.

Section 1 introduces the Draft Budget Proposals 2013-14.

Section 2 looks at the Welsh block over time and the impact of the UK Government's deficit reductions.

Section 3 provides an overview of the changes within the Welsh block and Welsh Government departmental allocations, both in comparison to indicative plans and on a year-on-year basis.

Sections 4 to 10 consider each Welsh Government portfolio in more detail, looking at the changes in allocations compared to indicative plans and on a year-on-year basis. Where possible the reasons for changes to allocations are also explored.

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1. Draft Budget Proposals 2013-14

The Minister for Finance and Leader of the House, Jane Hutt AM, laid the Welsh Government's Draft Budget Proposals 2013-14¹ before the National Assembly on 2 October 2012. These were accompanied by a narrative document,² expenditure allocation tables³ and an oral statement.⁴ In the foreword to the narrative document, the Minister states:

The budget proposals I am publishing today reflect our sustained commitment to delivering improved outcomes for people across Wales as set out in the Programme for Government. Alongside the Wales Infrastructure Investment Plan, the emphasis we are continuing to place on Growth and Jobs has shaped our spending plans and ensures our budget priorities reflect and respond to the current financial context.

We have said from the outset that delivering a Budget for Growth and Jobs is our key priority in the current economic climate. The UK economy returned to recession at the end of last year and there is little sign of a significant recovery on the horizon. We still believe that the UK Government is not going far enough in its actions to stimulate growth. In these conditions, we must use all of the tools available to us to provide support to people across Wales and to help stimulate the economy. That is why we are continuing to maximise the resources available to us through our Budget for Growth and Jobs. We seek a matched commitment from the UK Government to deliver these goals.⁵

Note that all real terms calculations shown in this paper have been calculated using HM Treasury's GDP deflators (as updated in September 2012). The estimates used are: 2.7% for 2012-13 and 2.5% for both 2013-14 and 2014-15.

It is important when looking at the overall spending power of the Welsh Government, to consider whether the GDP deflator forecasts adequately represent the cost pressures on the public sector, which may be more influenced by wage and contractor costs.

¹ Welsh Government, [Draft Budget Proposals 2013-14](#), October 2012 [accessed 29 October 2012]

² Welsh Government, [Draft Budget 2013-14 Narrative](#), October 2012 [accessed 29 October 2012]

³ Welsh Government, [Draft Budget 2013-14 Allocations](#), October 2012 [accessed 29 October 2012]

⁴ Welsh Government, Jane Hutt (Minister for Finance and leader of the House), [Draft Budget 2013-14](#), Cabinet Oral Statement, 2 October 2012 [accessed 29 October 2012]

⁵ Welsh Government, [Draft Budget 2013-14 Narrative](#), October 2012 (page 1) [accessed 29 October 2012]

⁶ HM Treasury, [Spending Review 2010](#), October 2010 [accessed 21 October 2011]

2. Impact of UK deficit reduction on the Welsh block

The Comprehensive Spending Review 2010 (CSR 2010)⁶ announced a period of unprecedented restraint in the public finances in order to reduce the UK's budget deficit.

The impact on the departmental expenditure limits (DEL)⁷ in the Welsh block at the time of the CSR 2010 was forecast to be an overall reduction of £1.9 billion in real terms over the spending review period (2010-11 to 2014-15). Subsequent changes, as a result of the UK Budgets⁸ and revised inflation forecasts, mean that at the current time the **Welsh block is predicted to see an overall real terms reduction of £2 billion** over this spending review. Revised figures for the DEL elements of the Welsh block are shown in [table 1](#) and the real terms changes in [table 2](#).

Table 1: Revenue and capital DEL forecasts, 2010-11 to 2014-15 (cash terms)

	<i>£ billions</i>				
	2010-11	2011-12	2012-13	2013-14	2014-15
Revenue DEL	13.4	13.2	13.4	13.5	13.5
Capital DEL	1.8	1.4	1.2	1.1	1.1
Total DEL	15.2	14.6	14.6	14.6	14.6

Source: HM Treasury's [Budget 2011](#) and [2012](#) (Table 2.4)
Revenue DEL excludes non-cash ring-fenced depreciation.

Table 2: Real terms year on year change to revenue and capital DEL forecasts

	2010-11 to 2011-12		2011-12 to 2012-13		2012-13 to 2013-14		2013-14 to 2014-15		Overall change 2010-11 to 2014-15		Overall change 2011-12 to 2014-15	
	£ billions	per cent	£ billions	per cent	£ billions	per cent	<i>£ billions</i>	<i>per cent</i>	<i>£ billions</i>	<i>per cent</i>	<i>£ billions</i>	<i>per cent</i>
Revenue DEL	-0.5	-3.7	-0.2	-1.2	-0.2	-1.7	-0.3	-2.4	-1.2	-8.8	-0.7	-5.2
Capital DEL	-0.4	-24.0	-0.2	-16.5	-0.1	-10.6	-0.0	-2.4	-0.8	-44.7	-0.4	-27.2
Total DEL	-0.9	-6.1	-0.4	-2.6	-0.4	-2.4	-0.4	-2.4	-2.0	-13.0	-1.1	-7.3

Source: Research Service calculations from HM Treasury's [Budget 2011](#) and [2012](#) (Table 2.4) and [GDP deflators](#) (updated September 2012)

1. Revenue DEL excludes non-cash ring-fenced depreciation.

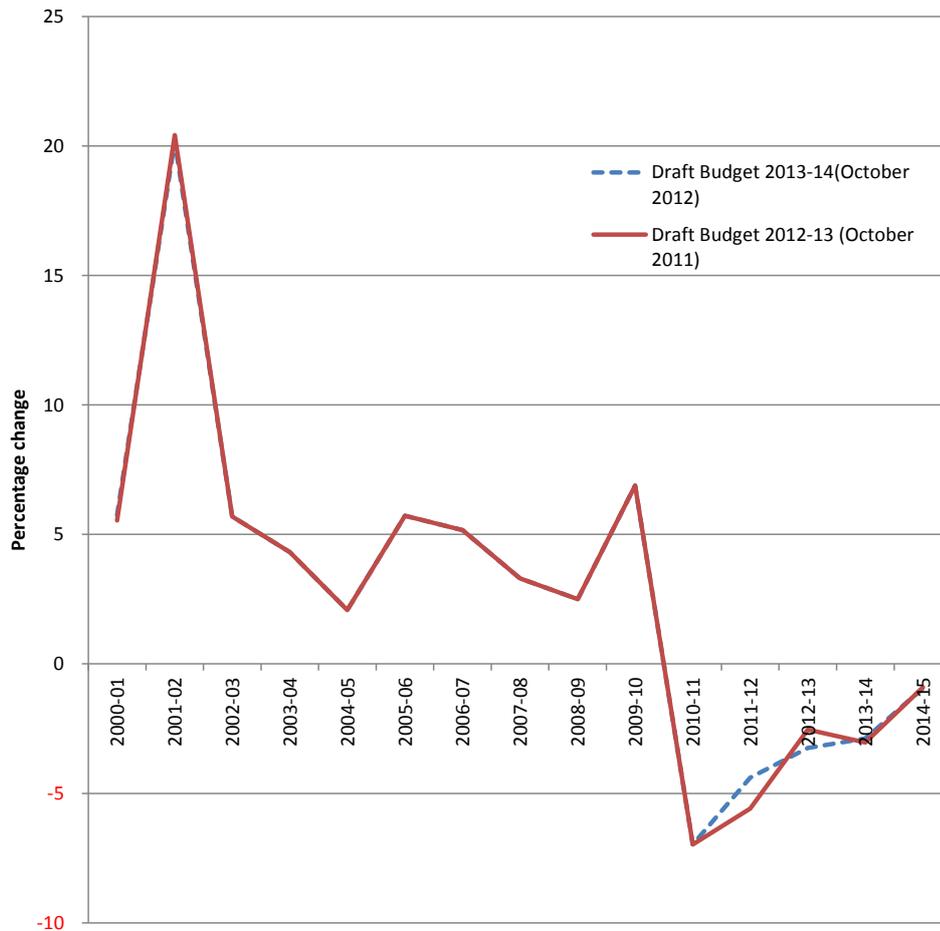
⁶ HM Treasury, [Spending Review 2010](#), October 2010 [accessed 21 October 2011]

⁷ **Departmental expenditure limit (DEL)** - normally set over three or four years as part of the UK Government's Spending Review process, this is the multi-year budget limit for the Welsh Government. Most of the DEL is unhypothecated (the assigned budget, or block grant) and allows the Welsh Government full discretion over its spending priorities. Changes in provision for such spend are determined by the Barnett formula.

⁸ HM Treasury, [Budget 2011](#), March 2011 and [Budget 2012](#), March 2012 [accessed 21 October 2011]

Figure 1 shows the real terms change in the total managed expenditure (TME)⁹ within the Welsh block over time, demonstrating the severity of the reductions to the block since the 2009-10 financial year and the impact of the reductions to public spending. It also shows how the forecasts for the block at the time of the draft budget 2012-13 have changed with the current draft budget.

Figure 1: Percentage change in the Welsh block 1999-2000 to 2014-15 in real terms, (1999-2000 as reference year)



Source: Research Service calculations from Welsh Government Budgets.

⁹ **Total managed expenditure (TME)** - the combined total of the two budget elements annually managed expenditure (AME) and departmental expenditure limits (DEL).

Recently, the Chief Secretary to the Treasury (Rt Hon Danny Alexander MP) indicated that the restraint on public spending is likely to continue into the next spending review period. He stated:

It will take us longer to deal with the deficit than we expected.

Here's why. The Eurozone crisis. Higher than expected inflation. The weight of our broken banking system suffocating businesses with growth potential. All of these things have been tougher for Britain than was forecast when we started down this road.

....

It means we are now committed to further deficit reduction into the next Parliament.¹⁰

He went on to state that a further **£16 billion** in savings would need to be made in the 2015-16 financial year.

¹⁰ Liberal Democrats, [*Danny Alexander Speech to Liberal Democrat Autumn Conference*](#), 25 September 2012 [accessed 1 November 2012]

3. Overview of the Welsh Block

Schedule 6 of the Draft Budget Proposals 2013-14¹¹ shows **£15.4 billion has made available by HM Treasury for the total Welsh block** in 2013-14 financial year.

Figures used by the Welsh Government as the 2012-13 baseline, are those from the Supplementary Budget 2012-13. There has been no restatement to remove non-recurrent in-year allocations and so the figures match exactly.

3.1. Total managed expenditure (TME)¹²

TME in the Welsh block £15.4 billion in 2013-14, and £15.6 billion in 2014-15.

TME allocated to Welsh Government departments is £15.1 billion in 2013-14, and £15.3 billion in 2014-15.

Change in comparison to indicative plans

Table 3 shows the changes to TME since previous indicative plans (as at Final Budget 2012-13).

TME in the Welsh block for 2013-14 has increased by £106.8 million, or 0.7%. In 2014-15 allocations have increased by £101.6 million, or 0.7%.

TME allocated to Welsh Government MEGs for 2013-14 has increased by £144.5 million, or 1.0%. In 2014-15 allocations have increased by £134.8 million, or 0.9%. This gives an overall increase of £279.3 million over the budget period. This is the net result of allocations of £249.8 million, a reduction of £2.1 million as a result of transfers and a £31.6 million increase in annually managed expenditure (AME).¹³

¹¹ Welsh Government, [Draft Budget Proposals 2013-14](#), October 2012 (Schedule 6 page 24) [accessed 30 October 2012]

¹² **Total managed expenditure (TME)** - the combined total of the two budget elements annually managed expenditure (AME) and departmental expenditure limits (DEL).

¹³ **Annually managed expenditure (AME)** - AME is less predictable than that in departmental expenditure limits (DEL). It covers spend which is generally demand-led and therefore provision cannot reasonably be subject to multi-year limits, (for example, the issue of student loans). This is reviewed and set twice a year by HM Treasury. AME can only be allocated to the purpose for which it is assigned; therefore the Welsh Government has no discretion over its allocation. Further AME can be drawn from HM Treasury if required, while any unspent AME must be returned.

Year-on-year changes

Table 4 shows year-on-year changes to TME within the Welsh block (i.e. allocations to the Welsh Government, plus provision for the direct funded bodies¹⁴, reserves and direct charges, but excluding provision for the Wales Office).

In comparison to 2012-13 TME in the Welsh block has reduced by £69.7 million or 0.5% (2.9% real terms reduction). Over the course of the budget period (2012-13 to 2014-15) this shows an overall increase of £166.6 million, or 1.1% (3.8% real terms reduction).

In comparison to 2012-13 TME allocated to Welsh Government departments (or main expenditure groups, MEGS)¹⁵ has reduced by £148.9 million, or 1.0% (3.4% real terms reduction). Over the course of the budget period (2012-13 to 2014-15) this shows an overall increase of £15 million, or 0.1% (4.7% real terms reduction).

¹⁴ The direct funded bodies are the National Assembly for Wales Commission, the Public Services Ombudsman for Wales and the Auditor General for Wales.

¹⁵ **Main expenditure groups (MEGs)** - The Welsh Government's budget is broken down into several levels of detail for monitoring and control purposes. Main expenditure groups (MEG) are at the highest level of this detail and correspond to Ministerial portfolios or ambits. Below MEG level, expenditure is identified by spending programme areas (SPAs) and, within these, actions.

Table 3: Changes to TME since indicative plans in Final Budget 2012-13

Main Expenditure Group	2013-14 Indicative Final Budget	2014-15 Indicative Final Budget	2013-14 Draft Budget	2014-15 indicative Draft Budget	Change Final Budget indicative 2013-14 to Draft Budget 2013-14		Change Final Budget indicative 2014-15 to Draft Budget 2014-15	
	£000	£000	£000	£000	£000	per cent	£000	per cent
Health, Social Services & Children	6,374,272	6,493,538	6,429,870	6,552,518	55,598	0.9	58,980	0.9
Local Government & Communities	5,156,818	5,207,509	5,204,242	5,258,111	47,424	0.9	50,602	1.0
Business, Enterprise, Technology & Science	305,200	305,200	294,369	292,998	-10,831	-3.5	-12,202	-4.0
Education & Skills	1,999,943	1,999,603	2,027,802	2,018,617	27,859	1.4	19,014	1.0
Environment & Sustainable Delvelopment	319,993	323,439	326,766	328,123	6,773	2.1	4,684	1.4
Housing, Regeneration & Heritage	489,901	489,947	488,226	481,777	-1,675	-0.3	-8,170	-1.7
Central Services & Administration	330,846	331,364	350,243	353,257	19,397	5.9	21,893	6.6
Total Welsh Government TME Allocations	14,976,973	15,150,600	15,121,518	15,285,401	144,545	1.0	134,801	0.9
Revenue Reserves*	220,214	245,582	213,205	224,955	-7,009	-3.2	-20,627	-8.4
Capital Reserves *	49,483	90,855	18,923	78,501	-30,560	-61.8	-12,354	-13.6
Assembly Commission	49,950	51,098	49,950	51,098	0	0.0	0	0.0
Auditor General for Wales	4,740	4,740	4,740	4,740	0	0.0	0	0.0
Public Services Ombudsman for Wales	4,103	4,093	3,911	3,901	-192	-4.7	-192	-4.7
Direct Charges	642	642	642	642	0	0.0	0	0.0
Total Wales TME	15,306,105	15,547,610	15,412,889	15,649,238	106,784	0.7	101,628	0.7

Source: Research Service calculations from Welsh Government Draft Budget 2013-14.

* Note the large changes in reserves are misleading, as the 2012-13 reserves have already been partially allocated in-year, whereas those for future years remain in reserve.

Table 4: Year-on-year changes to TME

Main Expenditure Group	2012-13 Supplementary Budget	2013-14 Draft Budget	2014-15 indicative Draft Budget	Change 2012-13 to 2013-14		Overall change 2012-13 to 2014-15		Real terms change 2012-13 to 2013-14		Real terms overall change 2012-13 to 2014-15	
	£000	£000	£000	£000	per cent	£000	per cent	£000	per cent	£000	per cent
Health, Social Services & Children	6,544,950	6,429,870	6,552,518	-115,080	-1.8	7,568	0.1	-271,906	-4.2	-308,169	-4.7
Local Government & Communities	5,147,024	5,204,242	5,258,111	57,218	1.1	111,087	2.2	-69,715	-1.4	-142,278	-2.8
Business, Enterprise, Technology & Science	316,628	294,369	292,998	-22,259	-7.0	-23,630	-7.5	-29,439	-9.3	-37,748	-11.9
Education & Skills	2,033,131	2,027,802	2,018,617	-5,329	-0.3	-14,514	-0.7	-54,788	-2.7	-111,782	-5.5
Environment & Sustainable Development	340,522	326,766	328,123	-13,756	-4.0	-12,399	-3.6	-21,726	-6.4	-28,210	-8.3
Housing, Regeneration & Heritage	527,138	488,226	481,777	-38,912	-7.4	-45,361	-8.6	-50,820	-9.6	-68,576	-13.0
Central Services & Administration	361,041	350,243	353,257	-10,798	-3.0	-7,784	-2.2	-19,341	-5.4	-24,806	-6.9
Total Welsh Government TME Allocations	15,270,434	15,121,518	15,285,401	-148,916	-1.0	14,967	0.1	-517,734	-3.4	-721,569	-4.7
Revenue Reserves*	150,042	213,205	224,955	63,163	42.1	74,913	49.9	57,963	38.6	64,073	42.7
Capital Reserves *	5,422	18,923	78,501	13,501	249.0	73,079	1,347.8	13,039	240.5	69,296	1,278.1
Assembly Commission	47,477	49,950	51,098	2,473	5.2	3,621	7.6	1,255	2.6	1,159	2.4
Auditor General for Wales	4,740	4,740	4,740	0	0.0	0	0.0	-116	-2.4	-228	-4.8
Public Services Ombudsman for Wales	3,853	3,911	3,901	58	1.5	48	1.2	-37	-1.0	-140	-3.6
Direct Charges	642	642	642	0	0.0	0	0.0	-16	-2.4	-31	-4.8
Total Wales TME	15,482,610	15,412,889	15,649,238	-69,721	-0.5	166,628	1.1	-445,645	-2.9	-587,440	-3.8

Source: Research Service calculations from Welsh Government Draft Budget 2013-14 and HM Treasury's [GDP deflators](#) (as at September 2012)

* Note the large changes in reserves are misleading, as the 2012-13 reserves have already been partially allocated in-year, whereas those for future years remain in reserve.

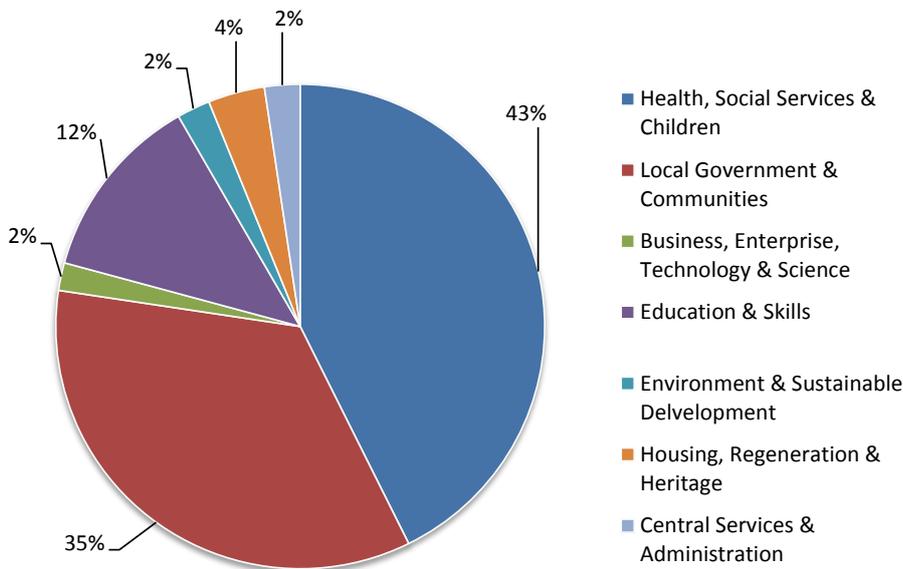
3.2. Total DEL

Total DEL in the Welsh block is £15.1 billion in 2013-14, and £15.2 billion in 2014-15.

Total DEL allocated to Welsh Government MEGs is £14.8 billion in 2013-14, and £14.9 billion in 2014-15.

Figure 2 shows the proportion of total DEL allocation to each MEG in 2013-14. From this it can be seen that taken together the Health, Social Services and Children and Local Government and Communities MEGs makes up over three-quarters of the total Welsh Government DEL budget.

Figure 2: Proportion of total DEL allocation to each MEG in 2013-14



Source: Research Service calculations from Welsh Government Draft Budget 2013-14

Change in comparison to indicative plans

Table 5 shows the changes to total DEL since previous indicative plans (as at Final Budget 2012-13).

Total DEL in the Welsh block for 2013-14 has increased by £85 million, or 0.6%. In 2014-15 allocations have increased by £92.2 million, or 0.6%

Total DEL allocated to Welsh Government MEGs for 2013-14 has increased by £122.6 million, or 0.8%. In 2014-15 allocations have increased by £125.1 million,

or 0.8%. This gives an overall increase of £247.7 million over the budget period; this is the net result of £249.8million allocations and a reduction of £2.1 million as a result of transfers.

Year-on-year changes

Table 6 shows year-on-year changes to total DEL (revenue plus capital) in the Welsh block.

In comparison to 2012-13 total DEL in the Welsh block has increased by £58.3 million, or 0.4% (2.1% real terms reduction). Over the course of the budget period (2012-13 to 2014-15) this shows an overall increase of £167.9 million, or 1.1% (3.8% real terms reduction).

In comparison to 2012-13 total DEL allocation to Welsh Government MEGs has reduced by £20.7 million, or 0.1% (2.6% real terms reduction). Over the course of the budget period (2012-13 to 2014-15) this shows an overall increase of £16.5 million, or 0.1% (4.7% real terms reduction).

Figure 3 shows the total DEL allocations to each MEG in each year of the budget period, and **figure 4** shows the percentage change in total DEL to each MEG between 2012-13 and 2013-14 plotted against the overall total DEL change to Welsh Government MEGS (a decrease of 0.1%). From this it can be seen that:

- The greatest percentage reduction in total DEL between 2012-13 and 2013-14 is in the **Housing, Regeneration and Heritage** MEG, with a reduction of 6.1%, (8.4% real terms reduction).
- The only percentage increase in total DEL is seen in the **Local Government and Communities** MEG, with an increase of 1.1%, (1.4% real terms reduction).

Table 5: Changes to total DEL since indicative plans in Final Budget 2012-13

Main Expenditure Group	2013-14 Indicative Final Budget	2014-15 Indicative Final Budget	2013-14 Draft Budget	2014-15 indicative Draft Budget	Change Final Budget indicative 2013-14 to Draft Budget 2013-14		Change Final Budget indicative 2014-15 to Draft Budget 2014-15	
	£000	£000	£000	£000	£000	per cent	£000	per cent
Health, Social Services & Children	6,293,758	6,294,146	6,335,296	6,339,090	41,538	0.7	44,944	0.7
Local Government & Communities	5,131,128	5,154,269	5,151,836	5,204,677	20,708	0.4	50,408	1.0
Business, Enterprise, Technology & Science	263,798	263,798	274,369	272,998	10,571	4.0	9,200	3.5
Education & Skills	1,838,658	1,846,293	1,850,933	1,835,468	12,275	0.7	-10,825	-0.6
Environment & Sustainable Development	319,993	323,439	326,766	328,123	6,773	2.1	4,684	1.4
Housing, Regeneration & Heritage	542,161	542,207	556,486	550,037	14,325	2.6	7,830	1.4
Central Services & Administration	332,212	332,212	348,609	351,105	16,397	4.9	18,893	5.7
Total Welsh Government DEL Allocations	14,721,708	14,756,364	14,844,295	14,881,498	122,587	0.8	125,134	0.8
Revenue Reserves*	220,214	245,582	213,205	224,955	-7,009	-3.2	-20,627	-8.4
Capital Reserves *	49,483	90,855	18,923	78,501	-30,560	-61.8	-12,354	-13.6
Assembly Commission	49,450	50,598	49,450	50,598	0	0.0	0	0.0
Auditor General for Wales	4,740	4,740	4,740	4,740	0	0.0	0	0.0
Public Services Ombudsman for Wales	4,103	4,093	4,103	4,093	0	0.0	0	0.0
Direct Charges	642	642	642	642	0	0.0	0	0.0
Total Wales DEL	15,050,340	15,152,874	15,135,358	15,245,027	85,018	0.6	92,153	0.6

Source: Research Service calculations from Welsh Government Draft Budget 2013-14

* Note the large changes in reserves are misleading, as the 2012-13 reserves have already been partially allocated in-year, whereas those for future years remain in reserve.

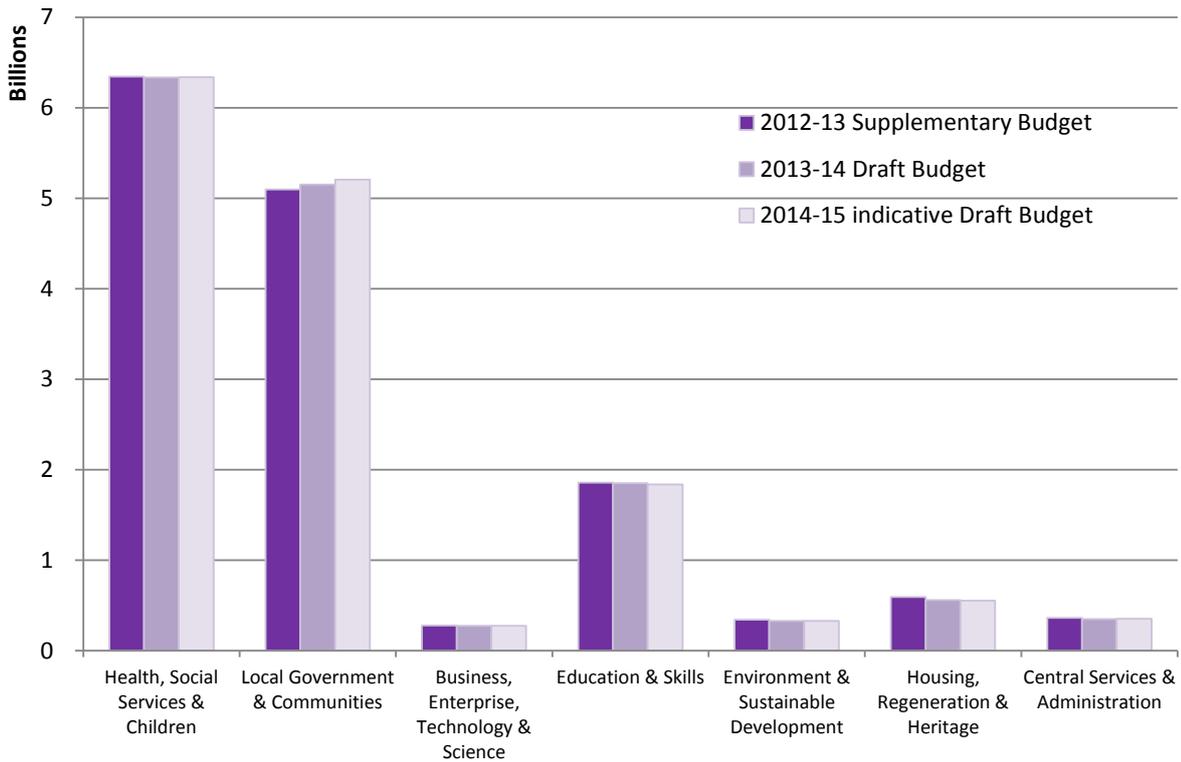
Table 6: Year-on-year changes to total DEL

Main Expenditure Group	2012-13 Supplementary Budget	2013-14 Draft Budget	2014-15 indicative Draft Budget	Change 2012-13 to 2013-14		Overall change 2012- 13 to 2014-15		Real terms change 2012-13 to 2013-14		Real terms overall change 2012-13 to 2014-15	
	£000	£000	£000	£000	per cent	£000	per cent	£000	per cent	£000	per cent
Health, Social Services & Children	6,343,240	6,335,296	6,339,090	-7,944	-0.1	-4,150	-0.1	-162,463	-2.6	-309,603	-4.9
Local Government & Communities	5,095,639	5,151,836	5,204,677	56,197	1.1	109,038	2.1	-69,458	-1.4	-141,753	-2.8
Business, Enterprise, Technology & Science	275,226	274,369	272,998	-857	-0.3	-2,228	-0.8	-7,549	-2.7	-15,383	-5.6
Education & Skills	1,854,822	1,850,933	1,835,468	-3,889	-0.2	-19,354	-1.0	-49,034	-2.6	-107,797	-5.8
Environment & Sustainable Development	340,522	326,766	328,123	-13,756	-4.0	-12,399	-3.6	-21,726	-6.4	-28,210	-8.3
Housing, Regeneration & Heritage	592,648	556,486	550,037	-36,162	-6.1	-42,611	-7.2	-49,735	-8.4	-69,115	-11.7
Central Services & Administration	362,883	348,609	351,105	-14,274	-3.9	-11,778	-3.2	-22,777	-6.3	-28,696	-7.9
Total Welsh Government DEL Allocations	14,864,980	14,844,295	14,881,498	-20,685	-0.1	16,518	0.1	-382,741	-2.6	-700,556	-4.7
Revenue Reserves	150,042	213,205	224,955	63,163	42.1	74,913	49.9	57,963	38.6	64,073	42.7
Capital Reserves *	5,422	18,923	78,501	13,501	249.0	73,079	1,347.8	13,039	240.5	69,296	1,278.1
Assembly Commission	47,227	49,450	50,598	2,223	4.7	3,371	7.1	1,017	2.2	933	2.0
Auditor General for Wales	4,740	4,740	4,740	0	0.0	0	0.0	-116	-2.4	-228	-4.8
Public Services Ombudsman for Wales	4,034	4,103	4,093	69	1.7	59	1.5	-31	-0.8	-138	-3.4
Direct Charges	642	642	642	0	0.0	0	0.0	-16	-2.4	-31	-4.8
Total Wales DEL	15,077,087	15,135,358	15,245,027	58,271	0.4	167,940	1.1	-310,884	-2.1	-566,651	-3.8

Source: Research Service calculations from Welsh Government Draft Budget 2013-14 and HM Treasury's [GDP deflators](#) (as at September 2012)

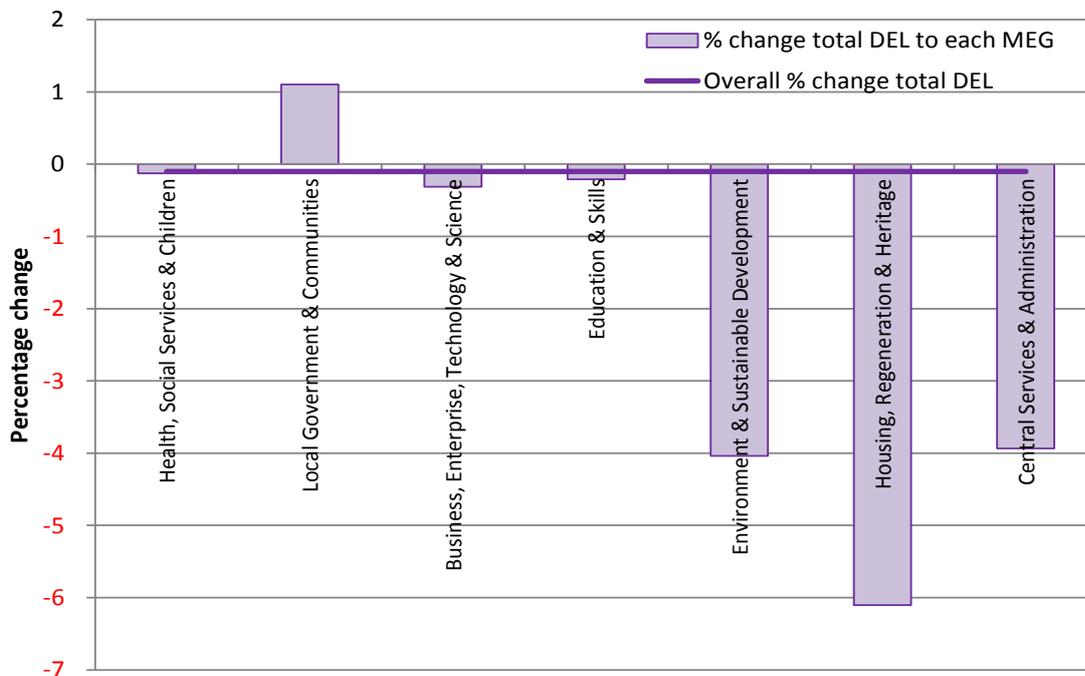
* Note the large changes in reserves are misleading, as the 2012-13 reserves have already been partially allocated in-year, whereas those for future years remain in reserve.

Figure 3: Total DEL by MEG in cash terms, 2012-13 to 2014-15



Source: Research Service calculations from Welsh Government Draft Budget 2013-14

Figure 4: Percentage change in total DEL 2012-13 to 2013-14 (cash terms)



Source: Research Service calculations from Welsh Government Draft Budget 2013-14

3.3. Revenue DEL

Revenue DEL in the block is £14 billion in 2013-14, and in 2014-15.

Revenue DEL allocated to Welsh Government MEGs is £13.7 billion in 2013-14, and 13.8 billion in 2014-15.

Revenue reserves in 2013-14 are £213.2 million, or 1.5% of the revenue DEL in the block. This is a similar level of revenue reserves at the time of the draft budget 2012-13 (1.4% revenue DEL).

Change in comparison to indicative plans

Table 7 shows the changes to revenue DEL since previous indicative plans.

Revenue DEL in the Welsh block for 2013-14 has increased by £0.7 million, or 0.0%. In 2014-15 allocations have decreased by £3.5 million, or 0.0%.

Revenue DEL allocated to Welsh Government MEGs for 2013-14 has increased by £7.7 million, or 0.1%. In 2014-15 allocations have increased by £17.1 million, or 0.1%. This gives an overall increase of £24.8 million over the budget period; this is the net result of £26.9 million allocations and a reduction of £2.1 million as a result of transfers.

Year-on-year changes

Table 8 shows year-on-year changes to revenue DEL in the Welsh block.

In comparison to 2012-13 revenue DEL in the Welsh block increases by £141.6 million, or 1.0% (1.4% real terms reduction). Over the course of the budget period (2012-13 to 2014-15) this shows an overall increase of £198.2 million, or 1.4% (3.5% real terms reduction).

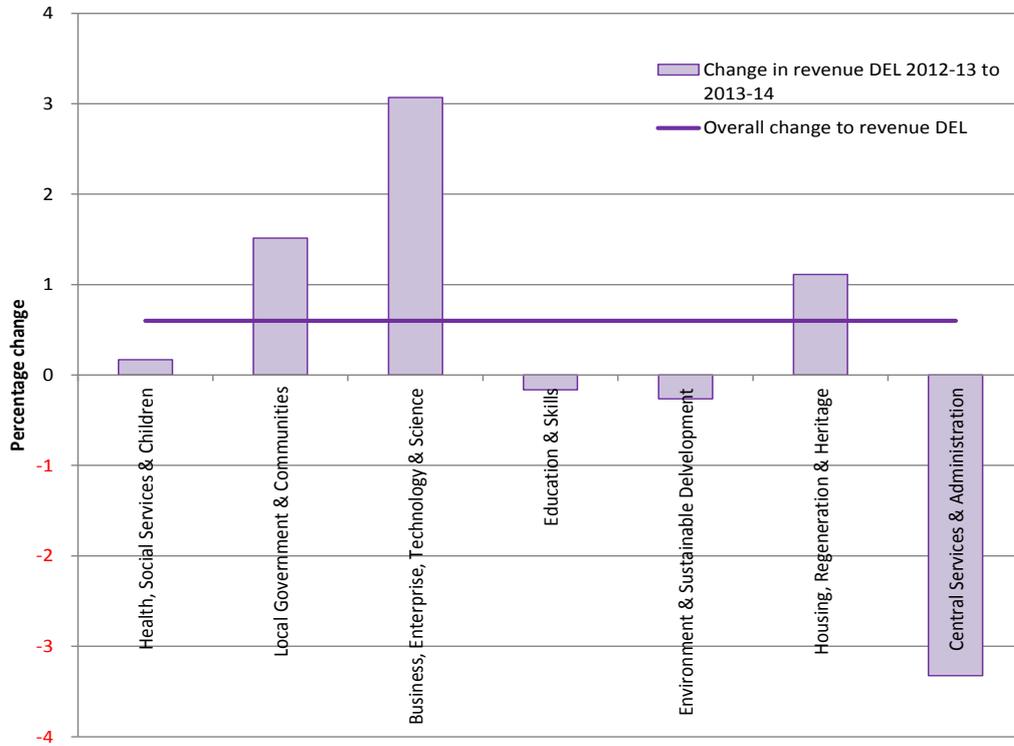
In comparison to 2012-13 revenue DEL allocated to Welsh Government MEGs increases by £77.2 million, or 0.6% (1.9% real terms reduction). Over the course of the budget period (2012-13 to 2014-15) this shows an overall increase of £121.3 million, or 0.9% (4.0% real terms reduction).

Figure 5 shows the percentage change in revenue DEL to each MEG between 2012-13 and 2013-14 plotted against the overall revenue DEL change to Welsh Government MEGs (an increase of 0.6%). From this it can be seen that:

- The greatest percentage reduction in revenue DEL between 2012-13 and 2014-15 is in the **Central Services and Administration** MEG, with a reduction of 3.3% (5.7% real terms reduction).

The greatest percentage increase is seen in the **Business, Enterprise, Technology and Science** MEG, with an increase of 3.1% (0.6% real terms increase).

Figure 5: Percentage change in revenue DEL by MEG in cash terms, 2012-13 to 2013-14



Source: Research Service calculations from Welsh Government Draft Budget 2013-14

Table 7: Changes to revenue DEL since indicative plans in Final Budget 2012-13

Main Expenditure Group	2013-14 Indicative Final Budget	2014-15 Indicative Final Budget	2013-14 Draft Budget	2014-15 indicative Draft Budget	Change Final Budget indicative 2013-14 to Draft Budget 2013-14		Change Final Budget indicative 2014-15 to Draft Budget 2014-15	
	£000	£000	£000	£000	£000	per cent	£000	per cent
Health, Social Services & Children	6,079,280	6,079,668	6,091,746	6,095,540	12,466	0.2	15,872	0.3
Local Government & Communities	4,897,837	4,920,978	4,899,317	4,926,458	1,480	0.0	5,480	0.1
Business, Enterprise, Technology & Science	184,428	184,428	182,299	183,628	-2,129	-1.2	-800	-0.4
Education & Skills	1,694,824	1,702,459	1,673,799	1,681,634	-21,025	-1.2	-20,825	-1.2
Environment & Sustainable Delvelopment	265,755	269,201	264,455	265,856	-1,300	-0.5	-3,345	-1.2
Housing, Regeneration & Heritage	279,597	279,643	281,422	281,473	1,825	0.7	1,830	0.7
Central Services & Administration	306,899	306,899	323,296	325,792	16,397	5.3	18,893	6.2
Total Welsh Government Revenue DEL	13,708,620	13,743,276	13,716,334	13,760,381	7,714	0.1	17,105	0.1
Revenue Reserves*	220,214	245,582	213,205	224,955	-7,009	-3.2	-20,627	-8.4
Capital Reserves *	0	0	0	0	0	0.0	0	0.0
Assembly Commission	47,750	48,557	47,750	48,557	0	0.0	0	0.0
Auditor General for Wales	4,724	4,724	4,724	4,724	0	0.0	0	0.0
Public Services Ombudsman for Wales	4,090	4,080	4,090	4,080	0	0.0	0	0.0
Direct Charges	642	642	642	642	0	0.0	0	0.0
Total Wales Revenue DEL	13,986,040	14,046,861	13,986,745	14,043,339	705	0.0	-3,522	-0.0

Source: Research Service calculations from Welsh Government Draft Budget 2013-14

* Note the large changes in reserves are misleading, as the 2012-13 reserves have already been partially allocated in-year, whereas those for future years remain in reserve.

Table 8: Year-on-year changes to revenue DEL

Main Expenditure Group	2012-13 Supplementary Budget	2013-14 Draft Budget	2014-15 indicative Draft Budget	Change 2012-13 to 2013-14		Overall change 2012-13 to 2014-15		Real terms change 2012-13 to 2013-14		Real terms overall change 2012-13 to 2014-15	
	£000	£000	£000	£000	per cent	£000	per cent	£000	per cent	£000	per cent
Health, Social Services & Children	6,081,527	6,091,746	6,095,540	10,219	0.2	14,013	0.2	-138,360	-2.3	-279,704	-4.6
Local Government & Communities	4,826,288	4,899,317	4,926,458	73,029	1.5	100,170	2.1	-46,467	-1.0	-137,214	-2.8
Business, Enterprise, Technology & Science	176,870	182,299	183,628	5,429	3.1	6,758	3.8	983	0.6	-2,090	-1.2
Education & Skills	1,676,529	1,673,799	1,681,634	-2,730	-0.2	5,105	0.3	-43,554	-2.6	-75,926	-4.5
Environment & Sustainable Development	265,153	264,455	265,856	-698	-0.3	703	0.3	-7,148	-2.7	-12,107	-4.6
Housing, Regeneration & Heritage	278,330	281,422	281,473	3,092	1.1	3,143	1.1	-3,772	-1.4	-10,420	-3.7
Central Services & Administration	334,419	323,296	325,792	-11,123	-3.3	-8,627	-2.6	-19,008	-5.7	-24,325	-7.3
Total Welsh Government Revenue DEL	13,639,116	13,716,334	13,760,381	77,218	0.6	121,265	0.9	-257,327	-1.9	-541,787	-4.0
Revenue Reserves*	150,042	213,205	224,955	63,163	42.1	74,913	49.9	57,963	38.6	64,073	42.7
Capital Reserves *	0	0	0	0	0.0	0	0.0	0	0.0	0	0.0
Assembly Commission	46,565	47,750	48,557	1,185	2.5	1,992	4.3	20	0.0	-348	-0.7
Auditor General for Wales	4,724	4,724	4,724	0	0.0	0	0.0	-115	-2.4	-228	-4.8
Public Services Ombudsman for Wales	4,020	4,090	4,080	70	1.7	60	1.5	-30	-0.7	-137	-3.4
Direct Charges	642	642	642	0	0.0	0	0.0	-16	-2.4	-31	-4.8
Total Wales Revenue DEL	13,845,109	13,986,745	14,043,339	141,636	1.0	198,230	1.4	-199,504	-1.4	-478,457	-3.5

Source: Research Service calculations from Welsh Government Draft Budget 2013-14 and HM Treasury's [GDP deflators](#) (as at September 2012)

* Note the large changes in reserves are misleading, as the 2012-13 reserves have already been partially allocated in-year, whereas those for future years remain in reserve.

3.4. Capital DEL

Capital DEL in the block is £1.1 billion in 2013-14, and £1.2 billion in 2014-15.

Capital DEL allocated to Welsh Government MEGs is £1.1 billion in 2013-14 and in 2014-15.

Capital reserves in 2013-14 are £18.9 million, or 1.6% of the capital DEL in the block. This is much lower than the level of capital reserves at the time of the draft budget 2012-13 (4.2% capital DEL).

Change in comparison to indicative plans

Table 9 shows the changes to capital DEL since previous indicative plans.

Capital DEL in the Welsh block for 2013-14 has increased by £84.3 million, or 7.9%. In 2014-15 allocations have increased by £95.7 million, or 8.7%.

Capital DEL allocated to Welsh Government MEGs for 2013-14 has increased by £114.9 million, or 11.3%. In 2014-15 allocations have increased by £108 million, or 10.7%. This gives an overall increase of almost £223 million over the budget period; this is as a result of allocations from capital reserves.

The draft budget narrative states that there are additional capital allocations of **£175 million** over the budget period. The Minister for Finance has clarified that this refers only to capital awards which have not been previously announced elsewhere. She informed the Finance Committee that this decision was taken:

...partly to try to improve transparency in terms of information, and to make a clear distinction between funding for the projects we had previously announced and new spending decisions in this draft budget.¹⁶

Therefore the difference between the further allocations of £223 million in comparison to indicative plans, and the stated additional £175 million consists of capital awards which have been previously announced elsewhere. For example, recurrent awards made from the Centrally Retained Capital Fund.¹⁷

¹⁶ National Assembly for Wales, Finance Committee, [RoP \[para 251\]](#), 11 October 2012 [accessed 30 October 2012]

¹⁷ As detailed in annex 3 of the [Supplementary Budget 2012-13](#), June 2012 [accessed 30 October 2012]

Year-on-year changes

Table 10 shows the year-on-year changes to capital DEL in the Welsh block.

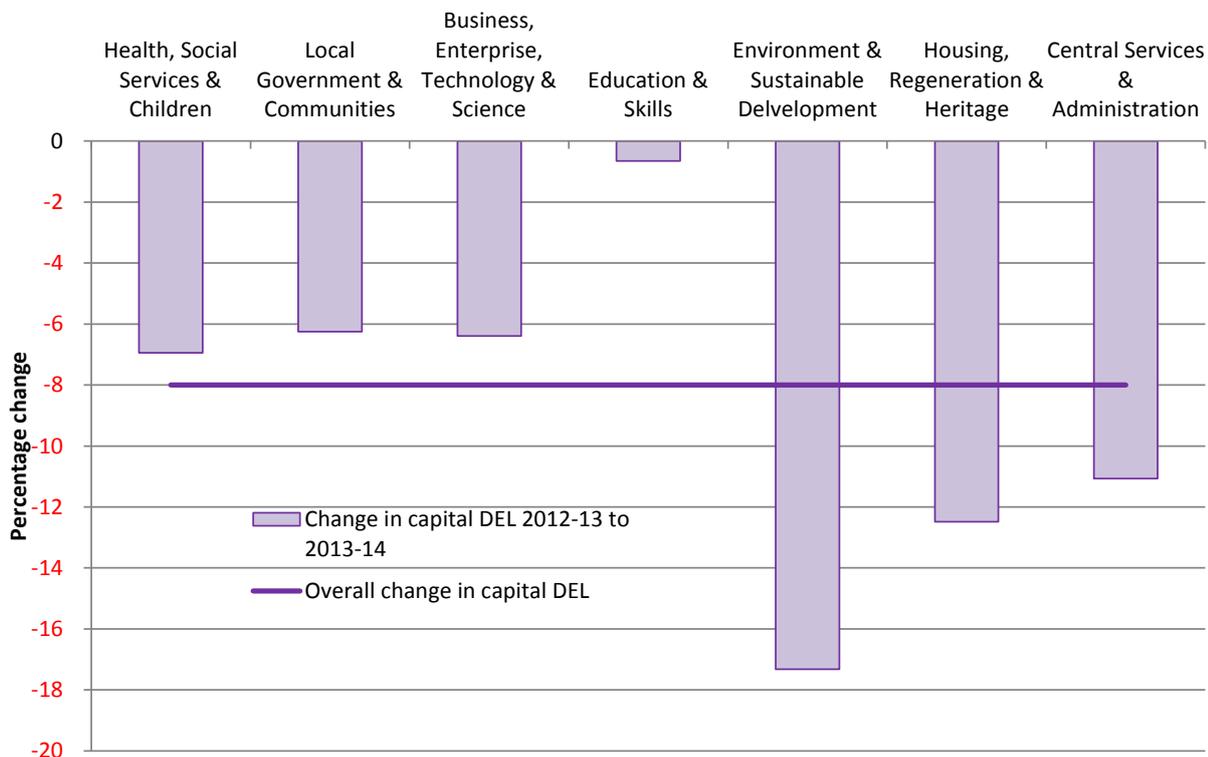
In comparison to 2012-13 capital DEL in the Welsh block reduces by £83.4 million, or 6.8% (9.0% real terms reduction). Over the course of the budget period (2012-13 to 2014-15) this shows an overall decrease of £30.3 million, or 2.5% (7.2% real terms reduction).

In comparison to 2012-13 capital DEL allocated to Welsh Government MEGs reduces by £97.9 million, or 8.0% (10.2% real terms reduction). Over the course of the budget period (2012-13 to 2014-15) this shows an overall decrease of £104.7 million, or 8.5% (13.0% real terms reduction).

Figure 6 shows the percentage change in capital DEL to each MEG between 2012-13 and 2013-14 plotted against the overall capital DEL change to Welsh Government MEGs (a decrease of 8.0%). From this it can be seen that:

- The greatest percentage reduction in capital DEL between 2012-13 and 2014-15 is in the **Environment and Sustainable Development** MEG, with a reduction of 17.3% (19.3% real terms reduction).
- No MEG sees a percentage increase in capital DEL between 2012-13 and 2013-14.

Figure 6: Percentage change in capital DEL by MEG in cash terms, 2012-13 to 2013-14



Source: Research Service calculations from Welsh Government Draft Budget 2013-14

Table 9: Changes to capital DEL since indicative plans in Final Budget 2012-13

Main Expenditure Group	2013-14 Indicative Final Budget	2014-15 Indicative Final Budget	2013-14 Draft Budget	2014-15 indicative Draft Budget	Change Final Budget indicative 2013-14 to Draft Budget 2013-14		Change Final Budget indicative 2014-15 to Draft Budget 2014-15	
	£000	£000	£000	£000	£000	per cent	£000	per cent
Health, Social Services & Children	214,478	214,478	243,550	243,550	29,072	13.6	29,072	13.6
Local Government & Communities	233,291	233,291	252,519	278,219	19,228	8.2	44,928	19.3
Business, Enterprise, Technology & Science	79,370	79,370	92,070	89,370	12,700	16.0	10,000	12.6
Education & Skills	143,834	143,834	177,134	153,834	33,300	23.2	10,000	7.0
Environment & Sustainable Delvelopment	54,238	54,238	62,311	62,267	8,073	14.9	8,029	14.8
Housing, Regeneration & Heritage	262,564	262,564	275,064	268,564	12,500	4.8	6,000	2.3
Central Services & Administration	25,313	25,313	25,313	25,313	0	0.0	0	0.0
Total Welsh Government Capital DEL Allocations	1,013,088	1,013,088	1,127,961	1,121,117	114,873	11.3	108,029	10.7
Revenue Reserves*	0	0	0	0	0	0.0	0	0.0
Capital Reserves *	49,483	90,855	18,923	78,501	-30,560	-61.8	-12,354	-13.6
Assembly Commission	1,700	2,041	1,700	2,041	0	0.0	0	0.0
Auditor General for Wales	16	16	16	16	0	0.0	0	0.0
Public Services Ombudsman for Wales	13	13	13	13	0	0.0	0	0.0
Direct Charges	0	0	0	0	0	0.0	0	0.0
Total Wales Capital DEL	1,064,300	1,106,013	1,148,613	1,201,688	84,313	7.9	95,675	8.7

Source: Research Service calculations from Welsh Government Draft Budget 2013-14

* Note the large changes in reserves are misleading, as the 2012-13 reserves have already been partially allocated in-year, whereas those for future years remain in reserve.

Table 10: Year-on-year changes to capital DEL

Main Expenditure Group	2012-13 Supplementary Budget	2013-14 Draft Budget	2014-15 indicative Draft Budget	Change 2012-13 to 2013-14		Overall change 2012- 13 to 2014-15		Real terms change 2012-13 to 2013-14		Real terms overall change 2012-13 to 2014-15	
	£000	£000	£000	£000	per cent	£000	per cent	£000	per cent	£000	per cent
Health, Social Services & Children	261,713	243,550	243,550	-18,163	-6.9	-18,163	-6.9	-24,103	-9.2	-29,899	-11.4
Local Government & Communities	269,351	252,519	278,219	-16,832	-6.2	8,868	3.3	-22,991	-8.5	-4,538	-1.7
Business, Enterprise, Technology & Science	98,356	92,070	89,370	-6,286	-6.4	-8,986	-9.1	-8,532	-8.7	-13,292	-13.5
Education & Skills	178,293	177,134	153,834	-1,159	-0.7	-24,459	-13.7	-5,479	-3.1	-31,872	-17.9
Environment & Sustainable Development	75,369	62,311	62,267	-13,058	-17.3	-13,102	-17.4	-14,578	-19.3	-16,102	-21.4
Housing, Regeneration & Heritage	314,318	275,064	268,564	-39,254	-12.5	-45,754	-14.6	-45,963	-14.6	-58,695	-18.7
Central Services & Administration	28,464	25,313	25,313	-3,151	-11.1	-3,151	-11.1	-3,768	-13.2	-4,371	-15.4
Total Welsh Government Capital DEL Allocations	1,225,864	1,127,961	1,121,117	-97,903	-8.0	-104,747	-8.5	-125,414	-10.2	-158,769	-13.0
Revenue Reserves*	0	0	0	0	0.0	0	0.0	0	0.0	0	0.0
Capital Reserves *	5,422	18,923	78,501	13,501	249.0	73,079	1,347.8	13,039	240.5	69,296	1,278.1
Assembly Commission	662	1,700	2,041	1,038	156.8	1,379	208.3	997	150.5	1,281	193.5
Auditor General for Wales	16	16	16	0	0.0	0	0.0	-0	-2.4	-1	-4.8
Public Services Ombudsman for Wales	14	13	13	-1	-7.1	-1	-7.1	-1	-9.4	-2	-11.6
Direct Charges	0	0	0	0	0.0	0	0.0	0	0.0	0	0.0
Total Wales Capital DEL	1,231,978	1,148,613	1,201,688	-83,365	-6.8	-30,290	-2.5	-111,380	-9.0	-88,194	-7.2

Source: Research Service calculations from Welsh Government Draft Budget 2013-14 and HM Treasury's [GDP deflators](#) (as at September 2012)

* Note the large changes in reserves are misleading, as the 2012-13 reserves have already been partially allocated in-year, whereas those for future years remain in reserve.

3.5. *Annually managed expenditure (AME)*

AME in the Welsh block is £277.5 million in 2013-14, and £404.2 million in 2014-15.

AME allocated to Welsh Government MEGs is £277.2 million in 2013-14, and £403.9 million in 2014-15.

Changes in comparison to indicative plans

Table 11 shows the changes to AME since previous indicative plans.

AME in the Welsh block for 2013-14 has increased by £21.8 million, or 8.5%. In 2014-15 allocations have increased by £9.5 million, or 2.4%.

AME allocated to Welsh Government MEGs for 2013-14 has increased by £22 million, or 8.6%. In 2014-15 allocations have increased by £9.7 million, or 2.5%.

Year-on-year changes

Table 12 shows the year-on-year changes to AME in the Welsh block.

In comparison to 2012-13, AME in the Welsh block reduces by £128 million, or 31.6% (33.2% real terms reduction). Over the course of the budget period (2012-13 to 2014-15) this shows an overall decrease of £1.3 million, or 0.3% (5.1% real terms reduction).

In comparison to 2012-13, AME allocated to Welsh Government MEGs reduces by £128.2 million, or 31.6% (33.3% real terms reduction). Over the course of the budget period (2012-13 to 2014-15) this shows an overall decrease of £1.6 million, or 0.4% (5.2% real terms reduction).

Table 11: Changes to AME since indicative plans in Final Budget 2012-13

Main Expenditure Group	2013-14	2014-15	2013-14	2014-15	Change Final Budget		Change Final Budget	
	Indicative Final Budget	Indicative Final Budget	Draft Budget	indicative Draft Budget	indicative 2013-14 to Draft Budget 2013-14	per cent	indicative 2014-15 to Draft Budget 2014-15	per cent
	£000	£000	£000	£000	£000		£000	
Health, Social Services & Children	80,514	199,392	94,574	213,428	14,060	17.5	14,036	7.0
Local Government & Communities	25,690	53,240	52,406	53,434	26,716	104.0	194	0.4
Business, Enterprise, Technology & Science	41,402	41,402	20,000	20,000	-21,402	-51.7	-21,402	-51.7
Education & Skills	161,285	153,310	176,869	183,149	15,584	9.7	29,839	19.5
Environment & Sustainable Development	0	0	0	0	0	0.0	0	0.0
Housing, Regeneration & Heritage	-52,260	-52,260	-68,260	-68,260	-16,000	-30.6	-16,000	-30.6
Central Services & Administration	-1,366	-848	1,634	2,152	3,000	219.6	3,000	353.8
Total Welsh Government AME Allocations	255,265	394,236	277,223	403,903	21,958	8.6	9,667	2.5
Assembly Commission	500	500	500	500	0	0.0	0	0.0
Public Services Ombudsman for Wales	-192	-192	-192	-192	0	0.0	0	0.0
Total Wales AME	255,765	394,736	277,531	404,211	21,766	8.5	9,475	2.4

Source: Research Service calculations from Welsh Government Draft Budget 2013-14

Table 12: Year-on-year changes to AME

Main Expenditure Group	2012-13 Supplementary Budget	2013-14 Draft Budget	2014-15 indicative Draft Budget	Change 2012-13 to 2013-14		Overall change 2012-13 to 2014- 15		Real terms change 2012-13 to 2013-14		Real terms overall change 2012-13 to 2014- 15	
	£000	£000	£000	£000	per cent	£000	per cent	£000	per cent	£000	per cent
Health, Social Services & Children	201,710	94,574	213,428	-107,136	-53.1	11,718	5.8	-109,443	-54.3	1,434	0.7
Local Government & Communities	51,385	52,406	53,434	1,021	2.0	2,049	4.0	-257	-0.5	-526	-1.0
Business, Enterprise, Technology & Science	41,402	20,000	20,000	-21,402	-51.7	-21,402	-51.7	-21,890	-52.9	-22,366	-54.0
Education & Skills	178,309	176,869	183,149	-1,440	-0.8	4,840	2.7	-5,754	-3.2	-3,985	-2.2
Environment & Sustainable Development	0	0	0	0	0.0	0	0.0	0	0.0	0	0.0
Housing, Regeneration & Heritage	-65,510	-68,260	-68,260	-2,750	4.2	-2,750	4.2	-1,085	-1.7	539	0.8
Central Services & Administration	-1,842	1,634	2,152	3,476	-188.7	3,994	-216.8	3,436	186.5	3,890	211.2
Total Welsh Government AME Allocations	405,454	277,223	403,903	-128,231	-31.6	-1,551	-0.4	-134,993	-33.3	-21,013	-5.2
Assembly Commission	250	500	500	250	100.0	250	100.0	238	95.1	226	90.4
Public Services Ombudsman for Wales	-181	-192	-192	-11	6.1	-11	-6.1	-6	-3.5	-2	-1.0
Total Wales AME	405,523	277,531	404,211	-127,992	-31.6	-1,312	-0.3	-134,761	-33.2	-20,789	-5.1

Source: Research Service calculations from Welsh Government Draft Budget 2013-14 and HM Treasury's [GDP deflators](#) (as at September 2012)

4. Health, Social Services and Children (HSSC)

This section details the overall figures¹⁸ for the HSSC MEG, provides details of additional allocations and transfers since indicative plans from last year, and summarises the greatest year-on-year changes in the actions¹⁹/spending programme areas (SPAs)²⁰ of the MEG.

The HSSC MEG accounts for **42.7%** of the Welsh Government's total DEL allocation in 2013-14.

4.1. Changes in comparison to indicative plans

Table 13 shows details of allocations in the HSSC MEG at SPA level as compared with previous indicative plans (as at Final Budget 2012-13) and how these plans have changed in the draft budget 2013-14.

Total DEL

In comparison to previous indicative plans total DEL for 2013-14 has increased by £41.5 million, or 0.7%. In 2014-15 allocations have increased by £44.9 million, or 0.7%.

As shown in **table 14**, these changes are due to:

- net transfers into the HSSC MEG of £17.6 million in 2013-14 and £21 million in 2014-15; and
- additional allocations from reserves of £24 million in both years.

Revenue DEL

There have been a number of additional revenue allocations to the HSSC MEG, in comparison with previous indicative plans, which are the result of transfers from other MEGs. These movements account for the increases in revenue DEL (against indicative plans) of **£12.5 million (0.2%) in 2013-14 and £15.9 million (0.3%) in 2014-15**. These transfers are summarised below and **table 14** shows details of the actions they have occurred in.

¹⁸ Note that the quoted figures in this section may not always add to totals, this is due to rounding of figures for ease of reference.

¹⁹ **Action** - The Welsh Government's budget is broken down into several levels of detail for monitoring and control purposes. Actions are the most detailed level published in the budget documentation and indicate policy or initiative areas. However, it should be noted that actions may not necessarily provide detail of allocations at the level of specific policy or programme.

²⁰ **Spending programme area (SPA)** - The Welsh Government's budget is broken down into several levels of detail for monitoring and control purposes. Spending programme areas (SPAs) are the second level of detail below main expenditure groups (MEG) and define discrete groups of allocations according to the type of services to be delivered.

- **£27.5 million transfer into the HSSC MEG** in 2013-14 from the LGC MEG. This results from the transfer of responsibility for substance misuse from 1 April 2012. This transfer is recurrent in 2014-15.
- **£0.7 million transfer from the HSSC MEG** in 2013-14 to the LGC MEG. This relates to the transfer of the Deprivation of Liberty Safeguard (DOLs) grant into the Revenue Support Grant (RSG). This transfer is recurrent in 2014-15.
- **£10.2 million transfer from the HSSC MEG** in 2013-14 to the CSA MEG. This is in relation to repayments for Invest-to-Save projects by the NHS. In 2014-15 there is a similar transfer of £6.6 million.
- **£2 million transfer from the HSSC MEG** in 2013-14 to the CSA MEG. This is in relation to the Mental Health Review Tribunal, and is a recurrent transfer in 2014-15.
- **£2.1 million transfer from the HSSC MEG** in 2013-14 to the E&S MEG. This is to cover payments to Cardiff University to support medical and dental training. This transfer is £2.3 million in 2014-15.

There are also a number of revenue transfers between actions within the HSSC MEG in 2013-14, the net impact of which is zero. These are detailed in [table 15](#).

Capital DEL

There have been a number of additional capital allocations to the HSSC MEG, in comparison with previous indicative plans, which are the result of allocations from central reserves and a transfer between MEGs. These movements account for the increases in capital DEL (against indicative plans) of **£29.1 million (13.6%) in both 2013-14 and 2014-15**. These allocations are summarised below and [table 14](#) shows details of the actions they have occurred in.

- **£19 million to projects relating to the Wales Infrastructure Investment Plan (WIIP)²¹** in 2013-14 and £24 million in 2014-15. These allocations are as follows:
 - £5 million in 2013-14 for Health Vision Swansea; this relates to the redevelopment of Morrison Hospital (a further £13 million in 2014-15);
 - £9 million in 2013-14 for Flying Start (a further £4 million in 2014-15);
 - £3 million in 2013-14 to support accommodation at University Hospital Llandough Mental Health Adult Acute Unit to replace

²¹ Welsh Government, [Wales Infrastructure Investment Plan for Growth and Jobs](#), 2012 [accessed 29 October 2012]

outdated accommodation at Whitchurch Hospital (a further £7 million in 2014-15); and

- £2 million in 2013-14 for reshaping the Mental Health Services at Glanrhyd Hospital in Bridgend.

- **£5million to projects from the Centrally Retained Capital Fund** in 2013-14. These allocations are as follows:

- £2 million to support phased redevelopment of Cardiff Royal Infirmary, including the development of a Local Health and Treatment Centre; and
- £3 million for Flying Start.

- **£5.1 million transfer into the HSSC MEG** in 2013-14 from the LGC MEG. This results from the transfer of responsibility for substance misuse from 1 April 2012. This transfer is recurrent in 2014-15.

There are no internal capital transfers within the HSSC MEG.

AME

In comparison to previous indicative plans AME for 2013-14 has increased by £14.1 million, or 17.5%. In 2014-15 allocations have increased by £14 million, or 7.0%. This is stated to be due to anticipated increases in the cost of provisions for the Welsh Risk Pool clinical negligence claims.²²

²² Welsh Government, [Draft Budget 2013-14 Narrative](#), October 2012 (page 37) [accessed 29 October 2012]

Table 13: Changes to HSSC MEG since indicative plans in Final Budget 2012-13

Spending Programme Area (SPA)	2013-14	2014-15	2013-14	2014-15	Change Final Budget		Change Final Budget	
	Indicative Final Budget	Indicative Final Budget	Draft Budget	indicative Draft Budget	indicative 2013-14 to Draft Budget 2013-14	per cent	indicative 2014-15 to Draft Budget 2014-15	per cent
	£000	£000	£000	£000	£000		£000	
REVENUE DEL								
NHS Delivery	5,507,030	5,497,418	5,494,916	5,489,435	-12,114	-0.2	-7,983	-0.1
Health Central Budgets	205,374	205,374	228,904	228,179	23,530	11.5	22,805	11.1
Public Health & Prevention	157,548	157,548	158,001	158,001	453	0.3	453	0.3
Social Services	200,161	210,161	199,763	209,763	-398	-0.2	-398	-0.2
CAFCASS Cymru	9,167	9,167	10,162	10,162	995	10.9	995	10.9
TOTAL REVENUE	6,079,280	6,079,668	6,091,746	6,095,540	12,466	0.2	15,872	0.3
CAPITAL DEL								
NHS Delivery	205,275	205,275	217,275	225,275	12,000	5.8	20,000	9.7
Health Central Budgets	0	0	5,072	5,072	5,072	..	5,072	..
Public Health & Prevention	4,492	4,492	4,492	4,492	0	0.0	0	0.0
Social Services Strategy	4,711	4,711	16,711	8,711	12,000	254.7	4,000	84.9
TOTAL CAPITAL	214,478	214,478	243,550	243,550	29,072	13.6	29,072	13.6
AME								
NHS Impairments and Provisions	80,514	199,392	94,574	213,428	14,060	17.5	14,036	7.0
TOTAL AME	80,514	199,392	94,574	213,428	14,060	17.5	14,036	7.0
Revenue DEL	6,079,280	6,079,668	6,091,746	6,095,540	12,466	0.2	15,872	0.3
Capital DEL	214,478	214,478	243,550	243,550	29,072	13.6	29,072	13.6
TOTAL DEL	6,293,758	6,294,146	6,335,296	6,339,090	41,538	0.7	44,944	0.7
Annually Managed Expenditure	80,514	199,392	94,574	213,428	14,060	17.5	14,036	7.0
TOTAL HSSC	6,374,272	6,493,538	6,429,870	6,552,518	55,598	0.9	58,980	0.9

Source: Research Service calculations from Welsh Government Draft Budget 2013-14

Table 14: Transfers to/from HSSC MEG

From	2013-14	2014-15	To	2013-14	2014-15	Description
REVENUE DEL TRANSFERS						
LGC: Substance Misuse	-27.5	-27.5	HSSC: Deliver the substance misuse strategy implementation plan	27.5	27.5	Recurrent transfer in respect of substance misuse
HSSC: Support Mental Health Policies and legislation	-0.7	-0.7	LGC: Funding Support for Local Government	0.7	0.7	To comply with legislation relating to Deprivation of Liberty Safeguard assessments and Sunbed Regulations - gone into RSG
HSSC: Support Mental Health Policies and legislation	-2.0	-2.0	CSA:Tribunals	2.0	2.0	For Mental Health Review Tribunal
HSSC: Delivery of Targeted NHS Services	-10.2	-6.6	CSA:Invest-to-Save Fund Repayment of Investments	10.2	6.6	Repayment of Invest-to-Save projects by the NHS
HSSC: Support Education and Training of the NHS Workforce	-2.1	-2.3	E&S: Higher Education	2.1	2.3	Payments to Cardiff University to support medical and dental training.
HSSC MEG net revenue DEL transfers 2013-14						12.5
HSSC MEG net revenue DEL transfers 2014-15						15.9
CAPITAL DEL TRANSFERS						
Additional capital allocation in relation to WIIP	-5.0	-13.0	HSSC: NHS Delivery	5.0	13.0	Health Vision Swansea - redevelopment of Morriston Hospital
Additional capital allocation in relation to WIIP	-9.0	-4.0	HSSC: Children Young People and Families	9.0	4.0	Flying Start
Additional capital allocation in relation to WIIP	-3.0	-7.0	HSSC: NHS Delivery	3.0	7.0	University Hospital Llandough Mental Health Adult Acute Unit
Additional capital allocation in relation to WIIP	-2.0		HSSC: NHS Delivery	2.0		Mental Health Services at Glanrhyd Hospital in Bridgend
LGC: Substance Misuse	-5.1	-5.1	HSSC: Deliver the substance misuse strategy implementation plan	5.1	5.1	Recurrent transfer in respect of substance misuse
Centrally retained capital	-2.0		HSSC: NHS Delivery	2.0		Support redevelopment of Cardiff Royal Infirmary
Centrally retained capital	-3.0		HSSC: Children Young People and Families	3.0		Flying Start
HSSC MEG net capital DEL transfers 2013-14						29.1
HSSC MEG net capital DEL transfers 2014-15						29.1
HSSC MEG net DEL transfers 2013-14						41.6
HSSC MEG net DEL DEL transfers 2014-15						45.0

Source: Research Service calculations from Welsh Government Draft Budget 2013-14

Table 15: Transfers between actions within the HSSC MEG in 2013-14

From	2013-14 (£m)	To	2013-14 (£m)	Description
REVENUE DEL TRANSFERS				
Social Services Strategy	-1.03	Children's Social Services	1.03	In respect of vulnerable children
Children's Social Services	-0.63	Sponsorship of Public Health Bodies	0.63	In respect of Newborn Blood Spot Screening
Delivery of Targeted NHS Services	-1.00	CAFCASS Cymru Programmes	1.00	In respect of recurrent effect of 2012-13 funding for running costs
Delivery of Targeted NHS Services	-13.79	Delivery of Core NHS Services	13.79	Recurrent effect of 2012-13 primary care contracts funding
Support Education and Training of the NHS Workforce	-0.10	Delivery of Core NHS Services	0.10	In respect of primary care contracts funding
Support Mental Health Policies and Legislation	-2.30	Delivery of Core NHS Services	2.30	Funding for mental health services including CAMHS
Promote Healthy Improvement and Healthy Working	-1.07	Delivery of Core NHS Services	1.07	Funding for dietetic grant
Delivery of Core NHS Services	-30.43	Delivery of Targeted NHS Services	30.43	In respect of shared services
Delivery of Core NHS Services	-0.03	Delivery of Targeted NHS Services	0.03	Agenda for Change funding for Cancer Networks
Delivery of Core NHS Services	-0.02	Sponsorship of Public Health Bodies	0.02	In respect of Cross Border Income into Public Health Wales Core Allocation
Support Education and Training of the NHS Workforce	-0.10	Delivery of Targeted NHS Services	0.10	In respect of NICE
Deliver Targeted Health Protection and Immunisation	-0.02	Delivery of Targeted NHS Services	0.02	Realignment of budgets
Support Education and Training of the NHS Workforce	-0.06	Delivery of Targeted NHS Services	0.06	In respect of NLIAH
Delivery of Targeted NHS Services	-0.93	Sponsorship of Public Health Bodies	0.93	Funding into Public Health Wales core allocation
Delivery of Targeted NHS Services	-0.40	NHS Workforce	0.40	Realignment of education and training targets
Delivery of Targeted NHS Services	-3.00	Legislation	3.00	In respect of Mental Health Measure
Delivery of Targeted NHS Services	-0.23	Care Council Wales	0.23	In respect of depreciation costs
Deliver Targeted Health Protection and Immunisation Activity	-0.12	Sponsorship of Public Health Bodies	0.12	Funding into Public Health Wales core allocation
Deliver Targeted Health Protection and Immunisation	-0.02	Delivery of Targeted NHS Services	0.02	Realignment of budgets
Deliver Targeted Health Protection and Immunisation	-1.69	Effective Health Emergency Preparedness Arrangements	1.69	For ongoing preparedness for pandemic flu
Promote Healthy Improvement and Healthy Working	-1.07	Delivery of Core NHS Services	1.07	Funding for dietetic grant
Promote Healthy Improvement and Healthy Working	-8.30	Sponsorship of Public Health Bodies	8.30	Funding into Public Health Wales core allocation
Tackle Health Inequalities & Develop Partnership Working	-0.08	Sponsorship of Public Health Bodies	0.08	Funding into Public Health Wales core allocation
Older People Commissioner	-0.03	Social Services Strategy	0.03	Realignment of budgets
HSSC net revenue DEL transfers				0.0

Source: Health and Social Care Committee, [*HSC\(4\)-27-12 paper 1: Welsh Government Draft Budget 2013-14 – Paper from the Minister for Health and Social Services and the Deputy Minister for Children and Social Services*](#), October 2012

4.2. Year-on-year changes

Table 16 provides information on the allocations proposed within the HSSC MEG at SPA level, showing the year on year changes in 2012-13 and the cumulative changes over the budget period in both cash and real terms.

Total DEL

- Reduces by £7.9 million or 0.1% (2.6% real terms reduction) in 2013-14 as compared with 2012-13.
- Reduces by £4.2 million, or 0.1% (4.9% real terms reduction) over the budget period (2012-13 to 2014-15).

Revenue DEL

- Increases by £10.2 million or 0.2% (2.3% real terms reduction) in 2013-14 as compared with 2012-13.
- Increases by £14 million, or 0.2% (4.6% real terms reduction) over the budget period (2012-13 to 2014-15).

The greatest increase in revenue DEL in 2013-14 (in both monetary and percentage terms) is in the Social Services SPA, which sees an increase of £18.3 million, or 10.1%. In real terms this equates to a 7.4% increase. This is mainly due to an increase of £18 million in the *Children, Young People and Families* action, which consists of £16.5 million additional funding for Flying Start and £1.5 million for Families First.²³

The only reduction in revenue DEL in 2013-14 (in both monetary and percentage terms) is in the NHS Delivery SPA, which reduces by £10.5 million, or 0.2%. In real terms this equates to a 2.6% reduction. This is mainly due to a reduction of £13 million in the *Delivery of Core NHS Services* action. Most of this relates to orthopaedic funding which was awarded in 2012-13, but is not recurrent in 2013-14.²⁴

Capital DEL

- Reduces by £18.2 million or 6.9% (9.2% real terms reduction) in 2013-14 as compared with 2012-13.
- Reduces by £18.2 million, or 6.9% (11.4% real terms reduction) over the budget period (2012-13 to 2014-15).

²³ National Assembly for Wales, Health and Social Care Committee, Paper from the Minister for Health and Social Services and Deputy Minister for Children and Social Services, [Paper 1: Welsh Government Draft Budget 2013-14](#), 17 October 2012 [accessed 30 October 2012]

²⁴ National Assembly for Wales, Health and Social Care Committee, Paper from the Minister for Health and Social Services and Deputy Minister for Children and Social Services, [Paper 1: Welsh Government Draft Budget 2013-14](#), 17 October 2012 [accessed 30 October 2012]

The only increase in capital DEL in 2013-14 (in both monetary and percentage terms) is in the Social Services Strategy SPA, which sees an increase of £11.4 million, or over 100 per cent. This is mainly due to an increase of £12 million in the *Children, Young People and Families* action in relation to Flying Start.²⁵

The greatest reduction in capital DEL in 2013-14 (in both monetary and percentage terms) is in the NHS Delivery SPA, which reduces by £28.4 million, or 11.6%. In real terms this equates to a 13.7% reduction. This is due to a reduction of £28 million in the NHS *Delivery* action. There is no specific explanation for this provided, however, the Minister's paper to the Health and Social Care Committee states that the overall capital reduction in 2013-14 is:

...as a result of the overall reduction to the capital programme announced as part of RAE 2010.²⁶

AME

- Reduces by £107.1 million or 53.1% (54.3% real terms reduction) in 2013-14 as compared with 2012-13.
- Increases by £11.7 million, or 5.8% (0.7% real terms increase) over the budget period (2012-13 to 2014-15).

²⁵ National Assembly for Wales, Health and Social Care Committee, Paper from the Minister for Health and Social Services and Deputy Minister for Children and Social Services, [Paper 1: Welsh Government Draft Budget 2013-14](#), 17 October 2012 [accessed 30 October 2012]

²⁶ National Assembly for Wales, Health and Social Care Committee, Paper from the Minister for Health and Social Services and Deputy Minister for Children and Social Services, [Paper 1: Welsh Government Draft Budget 2013-14](#), 17 October 2012 [accessed 30 October 2012]

Table 16: Year-on-year changes to HSSC MEG

Spending Programme Area (SPA)	2012-13	2013-14 Draft	2014-15	Change 2012-13 to 2013-		Overall change 2012-		Real terms change 2012-		Real terms overall	
	Supplementary	Budget	indicative	14	per cent	13 to 2014-15	per cent	13 to 2013-14	per cent	change 2012-13 to	per cent
	£000	£000	£000	£000		£000		£000		£000	
REVENUE DEL											
NHS Delivery	5,505,426	5,494,916	5,489,435	-10,510	-0.2	-15,991	-0.3	-144,532	-2.6	-280,503	-5.1
Health Central Budgets	227,920	228,904	228,179	984	0.4	259	0.1	-4,599	-2.0	-10,736	-4.7
Public Health & Prevention	157,071	158,001	158,001	930	0.6	930	0.6	-2,924	-1.9	-6,683	-4.3
Social Services	181,475	199,763	209,763	18,288	10.1	28,288	15.6	13,416	7.4	18,180	10.0
CAFCASS Cymru	9,635	10,162	10,162	527	5.5	527	5.5	279	2.9	37	0.4
TOTAL REVENUE	6,081,527	6,091,746	6,095,540	10,219	0.2	14,013	0.2	-138,360	-2.3	-279,704	-4.6
CAPITAL DEL											
NHS Delivery	245,699	217,275	225,275	-28,424	-11.6	-20,424	-8.3	-33,723	-13.7	-31,279	-12.7
Health Central Budgets	5,690	5,072	5,072	-618	-10.9	-618	-10.9	-742	-13.0	-862	-15.2
Public Health & Prevention	5,039	4,492	4,492	-547	-10.9	-547	-10.9	-657	-13.0	-763	-15.2
Social Services Strategy	5,285	16,711	8,711	11,426	216.2	3,426	64.8	11,018	208.5	3,006	56.9
TOTAL CAPITAL	261,713	243,550	243,550	-18,163	-6.9	-18,163	-6.9	-24,103	-9.2	-29,899	-11.4
AME											
NHS Impairments and Provisions	201,710	94,574	213,428	-107,136	-53.1	11,718	5.8	-109,443	-54.3	1,434	0.7
TOTAL AME	201,710	94,574	213,428	-107,136	-53.1	11,718	5.8	-109,443	-54.3	1,434	0.7
Revenue DEL	6,081,527	6,091,746	6,095,540	10,219	0.2	14,013	0.2	-138,360	-2.3	-279,704	-4.6
Capital DEL	261,713	243,550	243,550	-18,163	-6.9	-18,163	-6.9	-24,103	-9.2	-29,899	-11.4
TOTAL DEL	6,343,240	6,335,296	6,339,090	-7,944	-0.1	-4,150	-0.1	-162,463	-2.6	-309,603	-4.9
Annually Managed Expenditure	201,710	94,574	213,428	-107,136	-53.1	11,718	5.8	-109,443	-54.3	1,434	0.7
TOTAL HSSC	6,544,950	6,429,870	6,552,518	-115,080	-1.8	7,568	0.1	-271,906	-4.2	-308,169	-4.7

Source: Research Service calculations from Welsh Government Draft Budget 2013-14 and HM Treasury's [GDP deflators](#) (as at September 2012)

5. Local Government & Communities (LGC)

This section details the overall figures²⁷ for the LGC MEG, provides details of additional allocations and transfers since indicative plans from last year, and summarises the greatest year-on-year changes in the actions/ SPAs of the MEG.

The LGC MEG accounts for **34.7%** of the Welsh Government's total DEL allocation in 2013-14.

5.1. Changes in comparison to indicative plans

[Table 17](#) shows details of allocations in the LGC MEG at SPA level as compared with previous indicative plans (as at Final Budget 2012-13) and how these plans have changed in the draft budget 2013-14.

Total DEL

In comparison to previous indicative plans total DEL for 2013-14 has increased by £20.7 million, or 0.4%. In 2014-15 allocations have increased by £50.4 million, or 1.0%.

As shown in [table 18](#), these changes are due to:

- a decrease of £11.7 million in both 2013-14 and 2014-15 as a result of net transfers out of the LGC MEG; and
- additional allocations from reserves of £32.3 million in 2013-14 and £62 million in 2014-15.

Revenue DEL

There have been a number of additional revenue allocations to the LGC MEG, in comparison with previous indicative plans, which are the result of transfers from other MEGs and an allocation from central reserves. These movements account for the increases in revenue DEL (against indicative plans) of **£1.5 million (0.0%) in 2013-14 and £5.5 million (0.1%) in 2014-15**. These transfers are summarised below and [table 18](#) shows details of the actions they have occurred in.

- **£27.5 million transfer from the LGC MEG** in 2013-14 into the HSSC MEG. This results from the transfer of responsibility for substance misuse from 1 April 2012. This transfer is recurrent in 2014-15.
- **£28.9 million net transfer into the revenue support grant (RSG)** in 2013-14 and £32.9 million in 2014-15. These allocations are as follows:

²⁷ Note that the quoted figures in this section may not always add to totals, this is due to rounding of figures for ease of reference.

- £8 million in 2013-14 from central revenue reserves for the Local Government Borrowing Initiative (LGBI) (a further £12 million in 2014-15);
- £21.8 million in 2013-14 from the Education & Skills (E&S) MEG in relation to the transfer of responsibility for the Free School Breakfast Initiative, Appetite for Life and School Counselling under the *School Standards and Organisation (Wales) Bill* (this is a recurrent transfer in 2014-15);
- £0.7 million in 2013-14 from the HSSC MEG to comply with primary legislation regarding Deprivation of Liberty Safeguard assessments (this is a recurrent transfer in 2014-15); and
- £1.6 million to the Central Services and Administration (CSA) MEG for the Public Sector Mapping Agreement (this is a recurrent transfer in 2014-15).

There are also a number of revenue transfers between actions within the LGC MEG in 2013-14, the net impact of which is zero. These transfers are stated to be:

...to facilitate alignment our priorities, and the bringing together of budgets which focus on Local Government, improving public services and supporting communities.²⁸

Included within these internal transfers is the movement of £0.4 million from the *Sustainable Travel* action into the RSG (*Funding Support for Local Government* action) in relation to the Blue Badge Scheme costs.

Capital DEL

There have been a number of additional capital allocations to the LGC MEG, in comparison with previous indicative plans, which are the result of allocations from central reserves and a transfer between MEGS. These movements account for the increases in capital DEL (against indicative plans) of **£19.2 million (8.2%) in 2013-14 and £44.9 million (19.3%) 2014-15**. These allocations are summarised below and [table 18](#) shows details of the actions they have occurred in.

- **£15 million to projects relating to the Wales Infrastructure Investment Plan (WIIP)²⁹** in 2013-14 and £50 million in 2014-15. These allocations are as follows:
 - £10 million in 2013-14 for dualling of the A465 between Brynmawr and Tredegar (a further £30 million in 2014-15);
 - £5 million in 2013-14 for improvements to the A55 Conwy tunnel (a further £20 million in 2014-15);

²⁸ Welsh Government, [Draft Budget 2013-14 Narrative](#), October 2012 (page 45) [accessed 29 October 2012]

²⁹ Welsh Government, [Wales Infrastructure Investment Plan for Growth and Jobs](#), 2012 [accessed 29 October 2012]

- **£9.3 million to projects from the Centrally Retained Capital Fund in 2013-14.** These allocations are as follows:
 - £1.9 million for the A470 improvements from Maes Yr Helmau to Cross Foxes;
 - £2 million for A470 improvements at Gelligemlyn;
 - £3 million for the National Traffic Data Collection;
 - £1.7 million for the M4 Junction 32 improvements; and
 - £0.7 million for strategic road salt storage across Wales.
- **£5.1 million transfer from the LGC MEG in 2013-14 into the HSSC MEG.** This results from the transfer of responsibility for substance misuse from 1 April 2012. This transfer is recurrent in 2014-15.

There are no internal capital transfers within the LGC MEG.

AME

In comparison to previous indicative plans AME for 2013-14 has increased by £26.7 million, or over 100 per cent. In 2014-15 allocations have increased by £0.2 million, or 0.4%. This is due to revised assessments of the Fire Service Pensions and, due to changes to completion dates for a number of schemes, increased depreciation on the roads network.

Table 17: Changes to LGC MEG since indicative plans in Final Budget 2012-13

Spending Programme Area (SPA)	2013-14	2014-15	2013-14	2014-15	Change Final Budget		Change Final Budget	
	Indicative Final Budget	Indicative Final Budget	Draft Budget	indicative Draft Budget	indicative 2013-14 to Draft Budget 2013-14	per cent	indicative 2014-15 to Draft Budget 2014-15	per cent
	£000	£000	£000	£000	£000		£000	
REVENUE DEL								
Local Government Funding	4,296,372	4,318,772	4,325,747	4,352,147	29,375	0.7	33,375	0.8
Supporting Communities and People	52,064	52,064	52,064	52,064	0	0.0	0	0.0
Safer Communities	44,176	44,176	16,701	16,701	-27,475	-62.2	-27,475	-62.2
Improving Services, Collaboration and Democracy	40,979	40,979	40,979	40,979	0	0.0	0	0.0
Care & Social Services Inspectorate	14,461	14,461	14,461	14,461	0	0.0	0	0.0
Healthcare Inspectorate Wales	2,591	2,591	2,591	2,591	0	0.0	0	0.0
Estyn	12,364	12,364	12,364	12,364	0	0.0	0	0.0
Motorway & Trunk Road Network Operations	174,212	173,574	174,212	173,574	0	0.0	0	0.0
Rail & Air Services	173,179	173,179	173,179	173,179	0	0.0	0	0.0
Sustainable Travel	82,722	84,105	82,302	83,685	-420	-0.5	-420	-0.5
Improve Road Safety	4,717	4,713	4,717	4,713	0	0.0	0	0.0
TOTAL REVENUE	4,897,837	4,920,978	4,899,317	4,926,458	1,480	0.0	5,480	0.1
CAPITAL DEL								
Local Government Funding	20,000	20,000	20,000	20,000	0	0.0	0	0.0
Supporting Communities and People	10,950	10,950	10,950	10,950	0	0.0	0	0.0
Safer Communities	7,711	7,711	2,639	2,639	-5,072	-65.8	-5,072	-65.8
Estyn	281	281	281	281	0	0.0	0	0.0
Motorway & Trunk Road Network Operations	38,151	43,204	48,551	63,204	10,400	27.3	20,000	46.3
Road & Rail Investment	93,991	91,046	107,891	121,046	13,900	14.8	30,000	33.0
Sustainable Travel	41,640	39,532	41,640	39,532	0	0.0	0	0.0
Improve & Maintain Local Roads Infrastructure	13,667	13,667	13,667	13,667	0	0.0	0	0.0
Improve Road Safety	6,900	6,900	6,900	6,900	0	0.0	0	0.0
TOTAL CAPITAL	233,291	233,291	252,519	278,219	19,228	8.2	44,928	19.3
AME								
Local Government Funding	20,717	18,288	24,488	24,488	3,771	18.2	6,200	33.9
Improve Domestic Connectivity (Regional & National)	4,973	34,952	27,918	28,946	22,945	461.4	-6,006	-17.2
TOTAL AME	25,690	53,240	52,406	53,434	26,716	104.0	194	0.4
Revenue DEL	4,897,837	4,920,978	4,899,317	4,926,458	1,480	0.0	5,480	0.1
Capital DEL	233,291	233,291	252,519	278,219	19,228	8.2	44,928	19.3
TOTAL DEL	5,131,128	5,154,269	5,151,836	5,204,677	20,708	0.4	50,408	1.0
Annually Managed Expenditure	25,690	53,240	52,406	53,434	26,716	104.0	194	0.4
TOTAL LGC	5,156,818	5,207,509	5,204,242	5,258,111	47,424	0.9	50,602	1.0

Source: Research Service calculations from Welsh Government Draft Budget 2013-14

Table 18: Transfers to/from LGC MEG

From	2013-14	2014-15	To	2013-14	2014-15	Description
REVENUE DEL TRANSFERS						
LGC: Substance Misuse	-27.5	-27.5	HSSC: Deliver the substance misuse strategy implementation plan	27.5	27.5	Recurrent transfer in respect of substance misuse
From central reserves	-8.0	-12.0	LGC: Funding Support for Local Government	8.0	12.0	Transferred into RSG for Local Government Borrowing initiative For Free School Breakfast initiative, Appetite for Life and School Counselling in relation to School Standards and Organisation (Wales) Bill
E&S: Wellbeing of Children and Young People	-21.8	-21.8	LGC: Funding Support for Local Government	21.8	21.8	To comply with legislation relating to Deprivation of Liberty Safeguard assessments
HSSC: Support Mental Health Policies and legislation	-0.7	-0.7	LGC: Funding Support for Local Government	0.7	0.7	Public Sector Mapping Agreement
LGC: Funding Support for Local Government	-1.6	-1.6	CSA: Geographical Information	1.6	1.6	
LGC MEG net revenue DEL transfers	2013-14					1.4
LGC MEG net revenue DEL transfers	2014-15					5.4
CAPITAL DEL TRANSFERS						
Additional capital allocation in relation to WIIP	-10.0	-30.0	LGC: Road and Rail Schemes	10.0	30.0	A465 dualling Brynmawr to Tredegar
Additional capital allocation in relation to WIIP	-5.0	-20.0	LGC: Motorway and Trunk Road Operations	5.0	20.0	Improvements to A55 Conwy tunnel
Centrally retained capital	-5.4		LGC: Motorway and Trunk Road Operations	5.4		Support infrastructure development and traffic data collection
Centrally retained capital	-3.9		LGC: Road and Rail Schemes	3.9		Support infrastructure development and traffic data collection
LGC: Substance Misuse	-5.1	-5.1	HSSC: Deliver the substance misuse strategy implementation plan	5.1	5.1	Recurrent transfer in respect of substance misuse
LGC MEG net capital DEL transfers	2013-14					19.2
LGC MEG net capital DEL transfers	2014-15					44.9
LGC MEG net DEL transfers	2013-14					20.6
LGC MEG net DEL transfers	2014-15					50.3

Source: Research Service calculations from Welsh Government Draft Budget 2013-14

5.2. Year-on-year changes

Table 19 provides information on the allocations proposed within the LGC MEG at SPA level, showing the year on year changes in 2012-13 and the cumulative changes over the budget period in both cash and real terms.

Total DEL

- Increases by £56.2 million or 1.1% (1.4% real terms reduction) in 2013-14 as compared with 2012-13.
- Increases by £109 million, or 2.1% (2.8% real terms reduction) over the budget period (2012-13 to 2014-15).

Revenue DEL

- Increases by £73 million or 1.5% (1.0% real terms reduction) in 2013-14 as compared with 2012-13.
- Increases by £100.2 million, or 2.1% (2.8% real terms reduction) over the budget period (2012-13 to 2014-15).

The greatest monetary increase in revenue DEL in 2013-14 is in the Local Government Funding SPA, which sees an increase of £86.5 million, or 2.0%. In real terms this equates to a 0.4% reduction. There is no specific explanation provided for this, but the *Funding Support for Local Government* action, which includes funding for the revenue support grant (RSG) provided to local government increases by £86.8 million. In the Provisional Local Government Revenue and Capital Settlement for 2013-14, the Minister for Local Government and Communities (Carl Sargeant, AM) states:

Unhypothecated funding for 2013-14 will amount to £4.4 billion. This reflects an increase of just under 9 per cent on the figure for 2012-13. This includes £214 million funding for the council tax support scheme to replace the council tax benefit arrangements. It also includes the transfer in of a number of specific grants amounting to over £90 million, including the Learning Disability Resettlement Grant and the funding for Special educational needs for post 16 education. After adjusting for both these factors the funding is increasing by 1.5 per cent compared to the indicative settlement increase of 1.3%.³⁰

The greatest percentage increase in revenue DEL in 2013-14 is in the Motorway and Trunk Road Network SPA, which sees an increase of £5.3 million, or 3.1%. In real terms this equates to a 0.6% increase. This is due to an increase of the same amount to the *Motorway and Trunk Road Operations* action. There is no explanation for this increase as it is in line with the indicative plans published last year.

³⁰ Welsh Government, [*Provisional Local Government Revenue and Capital Settlement 2013-14, Letter to Local Authorities*](#), October 2012 [accessed 30 October 2012]

The greatest monetary reduction in revenue DEL in 2013-14 is in the Sustainable Travel SPA/action, which sees a decrease of £12.8 million, or 13.4%. In real terms this equates to a 15.6% reduction. Again, there is no explanation provided for this as it is in line with indicative plans published last year, aside from the £0.4 million transfer from this action into the RSG in relation to the Blue Badge scheme costs.

The greatest percentage reduction in revenue DEL in 2013-14 is in the Improve Road Safety SPA/action, which sees a decrease of £1 million, or 17.5%. In real terms this equates to a 19.5% reduction. Again, there is no explanation provided for this as it is in line with indicative plans published last year.

Capital DEL

- Reduces by £16.8 million or 6.2% (8.5% real terms reduction) in 2013-14 as compared with 2012-13.
- Increases by £8.9 million, or 3.3% (1.7% real terms reduction) over the budget period (2012-13 to 2014-15).

The only increase in capital DEL in 2013-14 (in both monetary and percentage terms) is in the Road and Rail Investment SPA/action, which sees an increase of £11.2 million, or 11.6%. In real terms this equates to an 8.9% increase. This is likely to relate to the additional allocations to this action from capital reserves as shown in [table 18](#).

The greatest reduction in capital DEL in 2013-14 (in both monetary and percentage terms) is in the Improve and Maintain Local Roads SPA, which sees a decrease of £14.5 million, or 51.4%. In real terms this equates to a 52.6% reduction. This is mainly due to the *Improve and Maintain Local Roads Infrastructure* action reducing from £12.8 million in 2012-13 to zero from 2013-14 onwards. The Minister for Local Government and Communities explained to the Enterprise and Business Committee that this action previously provided funding for the local transport grant, to support local roads projects, and that this is no longer available for new projects. It is intended that such projects from will be funded via the Local Government Borrowing Initiative, under which the Welsh Government provides a revenue stream from which local authorities can meet the cost of borrowing for such capital projects on local roads.³¹

³¹ National Assembly for Wales, Enterprise and Business Committee, RoP 11 October 2012 [link not available at time of writing]

AME

- Increases by £1 million or 2.0% (0.5% real terms reduction) in 2013-14 as compared with 2012-13.
- Increases by £2 million, or 4.0% (1.0% real terms reduction) over the budget period (2012-13 to 2014-15).

Table 19: Year-on-year changes to LGC MEG

Spending Programme Area (SPA)	2012-13	2013-14	2014-15	Change 2012-13 to		Overall change		Real terms change		Real terms overall	
	Supplementary Budget	Draft Budget	indicative Draft Budget	2012-13 to 2013-14	per cent	2012-13 to 2014-15	per cent	2012-13 to 2013-14	per cent	change 2012-13 to 2014-15	per cent
	£000	£000	£000	£000	per cent	£000	per cent	£000	per cent	£000	per cent
REVENUE DEL											
Local Government Funding	4,239,269	4,325,747	4,352,147	86,478	2.0	112,878	2.7	-19,028	-0.4	-96,833	-2.3
Supporting Communities and People	53,963	52,064	52,064	-1,899	-3.5	-1,899	-3.5	-3,169	-5.9	-4,408	-8.2
Safer Communities	16,551	16,701	16,701	150	0.9	150	0.9	-257	-1.6	-655	-4.0
Improving Services, Collaboration and Democracy	41,896	40,979	40,979	-917	-2.2	-917	-2.2	-1,916	-4.6	-2,892	-6.9
Care & Social Services Inspectorate	15,190	14,461	14,461	-729	-4.8	-729	-4.8	-1,082	-7.1	-1,426	-9.4
Healthcare Inspectorate Wales	2,722	2,591	2,591	-131	-4.8	-131	-4.8	-194	-7.1	-256	-9.4
Estyn	12,968	12,364	12,364	-604	-4.7	-604	-4.7	-906	-7.0	-1,200	-9.3
Motorway & Trunk Road Network Operations	168,951	174,212	173,574	5,261	3.1	4,623	2.7	1,012	0.6	-3,741	-2.2
Rail & Air Services	173,971	173,179	173,179	-792	-0.5	-792	-0.5	-5,016	-2.9	-9,137	-5.3
Sustainable Travel	95,091	82,302	83,685	-12,789	-13.4	-11,406	-12.0	-14,796	-15.6	-15,438	-16.2
Improve Road Safety	5,716	4,717	4,713	-999	-17.5	-1,003	-17.5	-1,114	-19.5	-1,230	-21.5
TOTAL REVENUE	4,826,288	4,899,317	4,926,458	73,029	1.5	100,170	2.1	-46,467	-1.0	-137,214	-2.8
CAPITAL DEL											
Local Government Funding	20,000	20,000	20,000	0	0.0	0	0.0	-488	-2.4	-964	-4.8
Supporting Communities and People	14,774	10,950	10,950	-3,824	-25.9	-3,824	-25.9	-4,091	-27.7	-4,352	-29.5
Safer Communities	3,339	2,639	2,639	-700	-21.0	-700	-21.0	-764	-22.9	-827	-24.8
Estyn	315	281	281	-34	-10.8	-34	-10.8	-41	-13.0	-48	-15.1
Motorway & Trunk Road Network Operations	55,366	48,551	63,204	-6,815	-12.3	7,838	14.2	-7,999	-14.4	4,792	8.7
Road & Rail Investment	96,694	107,891	121,046	11,197	11.6	24,352	25.2	8,566	8.9	18,519	19.2
Sustainable Travel	43,826	41,640	39,532	-2,186	-5.0	-4,294	-9.8	-3,202	-7.3	-6,199	-14.1
Improve & Maintain Local Roads Infrastructure	28,137	13,667	13,667	-14,470	-51.4	-14,470	-51.4	-14,803	-52.6	-15,129	-53.8
Improve Road Safety	6,900	6,900	6,900	0	0.0	0	0.0	-168	-2.4	-332	-4.8
TOTAL CAPITAL	269,351	252,519	278,219	-16,832	-6.2	8,868	3.3	-22,991	-8.5	-4,538	-1.7
AME											
Local Government Funding	20,717	24,488	24,488	3,771	18.2	3,771	18.2	3,174	15.3	2,591	12.5
Improve Domestic Connectivity (Regional & National)	30,668	27,918	28,946	-2,750	-9.0	-1,722	-5.6	-3,431	-11.2	-3,117	-10.2
TOTAL AME	51,385	52,406	53,434	1,021	2.0	2,049	4.0	-257	-0.5	-526	-1.0
Revenue DEL	4,826,288	4,899,317	4,926,458	73,029	1.5	100,170	2.1	-46,467	-1.0	-137,214	-2.8
Capital DEL	269,351	252,519	278,219	-16,832	-6.2	8,868	3.3	-22,991	-8.5	-4,538	-1.7
TOTAL DEL	5,095,639	5,151,836	5,204,677	56,197	1.1	109,038	2.1	-69,458	-1.4	-141,753	-2.8
Annually Managed Expenditure	51,385	52,406	53,434	1,021	2.0	2,049	4.0	-257	-0.5	-526	-1.0
TOTAL LGC	5,147,024	5,204,242	5,258,111	57,218	1.1	111,087	2.2	-69,715	-1.4	-142,278	-2.8

Source: Research Service calculations from Welsh Government Draft Budget 2013-14 and HM Treasury's [GDP deflators](#) (as at September 2012)

6. Business, Enterprise, Technology & Science (BETS)

This section details the overall figures³² for the BETS MEG, provides details of additional allocations and transfers since indicative plans from last year, and summarises the greatest year-on-year changes in the actions/SPAs of the MEG.

The BETS MEG accounts for **1.8%** of the Welsh Government's total DEL allocation in 2013-14.

6.1. Changes in comparison to indicative plans

Table 20 shows details of allocations in the BETS MEG at SPA level as compared with previous indicative plans (as at Final Budget 2012-13) and how these plans have changed in the draft budget 2013-14.

Total DEL

In comparison to previous indicative plans total DEL for 2013-14 has increased by £10.6 million, or 4.0%. In 2014-15 allocations have increased by £9.2 million, or 3.5%.

As shown in **table 21**, these changes are due to:

- net transfers out of the BETS MEG of £2.1 million in 2013-14 and £0.8 million in 2014-15; and
- additional allocations from reserves of £12.7 million in 2013-14 and £10 million in 2014-15.

Revenue DEL

There have been revenue transfers involving the BETS MEG, these movements account for the decreases in revenue DEL (against indicative plans) of **£2.1 million (1.2%) in 2013-14 and £0.8 million (0.4%) in 2014-15**. These transfers are summarised below and **table 21** shows details of the actions they have occurred in.

- **£0.8 million transfer into the BETS MEG from the UK's Department for Environment, Food and Rural Affairs (DEFRA)** in 2013-14 into the BETS MEG. This is for the Animal Movement Licensing System (a further £0.6 million is transferred into the MEG in 2014-15).
- **£2.9 million has been transferred out of the BETS MEG to the CSA MEG** in 2013-14 and £1.4 million in 2014-15. This is for repayments to the Invest-to-Save Fund.

³² Note that the quoted figures in this section may not always add to totals, this is due to rounding of figures for ease of reference.

There are also a number of revenue transfers between actions within the BETS MEG in 2013-14, the net impact of which is zero. These transfers are stated to reflect restructuring of the budget to better align with delivery plans, and to provide for science programmes and additional allocations to the sectors budget. All of these transfers are detailed in Annexes A and C of the Minister's paper to the Enterprise and Business Committee.³³

Capital DEL

There have been additional capital allocations to the BETS MEG, the net result of these accounts for the increases in capital DEL (against indicative plans) of **£12.7 million (16.0%) in 2013-14 and £10 million (12.6%) 2014-15**. These allocations are summarised below and [table 21](#) shows details of the actions they have occurred in.

- **£12.7 million to projects from the Centrally Retained Capital Fund in 2013-14.** These allocations are as follows:
 - £10 million for Next Generation Broadband Wales; and
 - £2.7 million for On-Line Rural Services
- £10 million to projects relating to the Wales Infrastructure Investment Plan (WIIP)³⁴ in 2014-15. This allocation is in respect of the Next Generation Broadband Wales Programme.

There are also a number of capital transfers between actions within the BETS MEG in 2013-14, the net impact of which is zero. These transfers are stated to reflect restructuring of the budget to better align with delivery plans, and to provide for science programmes and additional allocations to the sectors budget. All of these transfers are detailed in Annex A and Annex C of the Minister's paper to the Enterprise and Business Committee.³⁵

AME

In comparison to previous indicative plans AME for 2013-14 has decreased by £21.4 million, or 51.7%. In 2014-15 allocations have also decreased by £21.4 million, or 51.7%. This is due to current and indicative market conditions and their impact on the implications for impairments on the property portfolio, joint ventures and investments.

³³ National Assembly for Wales, Enterprise and Business Committee, Paper from the Minister for Business, Enterprise, Technology and Science, [E+B\(4\)-30-12 Paper 1 - Welsh Government Draft Budget Proposals for 2013-2014, Annex A and Annex C](#), 11 October 2011 [accessed 21 October 2011]

³⁴ Welsh Government, [Wales Infrastructure Investment Plan for Growth and Jobs](#), 2012 [accessed 29 October 2012]

³⁵ National Assembly for Wales, Enterprise and Business Committee, Paper from the Minister for Business, Enterprise, Technology and Science, [E+B\(4\)-30-12 Paper 1 - Welsh Government Draft Budget Proposals for 2013-2014, Annex A and Annex C](#), 11 October 2011 [accessed 21 October 2011]

Table 20: Changes to BETS MEG since indicative plans in Final Budget 2012-13

Spending Programme Area (SPA)	2013-14	2014-15	2013-14	2014-15	Change Final Budget		Change Final Budget	
	Indicative Final Budget	Indicative Final Budget	Draft Budget	indicative Draft Budget	indicative 2013-14 to Draft Budget 2013-14	per cent	indicative 2014-15 to Draft Budget 2014-15	per cent
	£000	£000	£000	£000	£000		£000	
REVENUE DEL								
Sectors and Business	43,856	43,856	55,872	55,324	12,016	27.4	11,468	26.1
Science & Innovation	5,800	5,800	14,269	14,895	8,469	146.0	9,095	156.8
Regional Funding	2,005	2,005	0	0	-2,005	-100.0	-2,005	-100.0
Finance Wales	4,102	4,102	0	0	-4,102	-100.0	-4,102	-100.0
Major Events	3,897	3,897	4,740	4,740	843	21.6	843	21.6
Marketing	2,815	2,815	0	0	-2,815	-100.0	-2,815	-100.0
Infrastructure	23,571	23,571	20,642	22,171	-2,929	-12.4	-1,400	-5.9
Strategy & Corporate Programmes	4,918	4,918	10,138	10,060	5,220	106.1	5,142	104.6
WEFO	1,522	1,522	1,522	1,522	0	0.0	0	0.0
Rural Affairs	79,316	79,316	75,116	74,916	-4,200	-5.3	-4,400	-5.5
Tourism	12,626	12,626	0	0	-12,626	-100.0	-12,626	-100.0
TOTAL REVENUE	184,428	184,428	182,299	183,628	-2,129	-1.2	-800	-0.4
CAPITAL DEL								
Sectors and Business	43,711	43,711	46,519	46,144	2,808	6.4	2,433	5.6
Science & Innovation	300	300	2,613	2,979	2,313	771.0	2,679	893.0
Regional Funding	995	995	0	0	-995	-100.0	-995	-100.0
Finance Wales	1,500	1,500	0	0	-1,500	-100.0	-1,500	-100.0
Infrastructure	18,456	18,456	28,456	28,456	10,000	54.2	10,000	54.2
Strategy & Corporate Programmes	372	372	59	68	-313	-84.1	-304	-81.7
Rural Affairs	11,723	11,723	14,423	11,723	2,700	23.0	0	0.0
Tourism	2,313	2,313	0	0	-2,313	-100.0	-2,313	-100.0
TOTAL CAPITAL	79,370	79,370	92,070	89,370	12,700	16.0	10,000	12.6
AME								
Infrastructure	41,402	41,402	20,000	20,000	-21,402	-51.7	-21,402	-51.7
TOTAL AME	41,402	41,402	20,000	20,000	-21,402	-51.7	-21,402	-51.7
Revenue DEL	184,428	184,428	182,299	183,628	-2,129	-1.2	-800	-0.4
Capital DEL	79,370	79,370	92,070	89,370	12,700	16.0	10,000	12.6
TOTAL DEL	263,798	263,798	274,369	272,998	10,571	4.0	9,200	3.5
Annually Managed Expenditure	41,402	41,402	20,000	20,000	-21,402	-51.7	-21,402	-51.7
TOTAL BETS	305,200	305,200	294,369	292,998	-10,831	-3.5	-12,202	-4.0

Source: Research Service calculations from Welsh Government Draft Budget 2013-14

Table 21: Transfers to/from BETS MEG

From	2013-14	2014-15	To	2013-14	2014-15	Description
REVENUE DEL TRANSFERS						
UK: DEFRA	-0.8	-0.6	BETS: Meeting the needs of rural communities and rural proofing WAG actions	0.8	0.6	Transfer from UK in respect of Animal Movement Licensing System
BETS: Deliver ICT Infrastructure	-2.9	-1.4	CSA: Invest-to-Save Fund Repayment of Investments	2.9	1.4	Repayments of Invest-to-Save projects
BETS MEG net revenue DEL transfers 2013-14						-2.1
BETS MEG net revenue DEL transfers 2014-15						-0.8
CAPITAL DEL TRANSFERS						
Centrally retained capital	-10.0		BETS: Deliver ICT Infrastructure	10.0		Next Generation Broadband Wales
Centrally retained capital	-2.7		BETS: Delivering the programmes within the Rural Development Plan	2.7		On-Line Rural Services
Additional capital allocation in relation to WIIP		-10.0	BETS: Deliver ICT Infrastructure		10.0	Next Generation Broadband Wales
BETS MEG net capital DEL transfers 2013-14						12.7
BETS MEG net capital DEL transfers 2014-15						10.0
BETS MEG net DEL transfers 2013-14						10.6
BETS MEG net DEL transfers 2014-15						9.2

Source: Research Service calculations from Welsh Government Draft Budget 2013-14

6.2. Year-on-year changes

Table 22 provides information on the allocations proposed within the BETS MEG at SPA level, showing the year on year changes in 2012-13 and the cumulative changes over the budget period in both cash and real terms.

Total DEL

- Reduces by £0.9 million or 0.3% (2.7% real terms reduction) in 2013-14 as compared with 2012-13.
- Reduces by £2.2 million, or 0.8% (5.6% real terms reduction) over the budget period (2012-13 to 2014-15).

Revenue DEL

- Increases by £5.4 million or 3.1% (0.6% real terms increase) in 2013-14 as compared with 2012-13.
- Increases by £6.8 million, or 3.8% (1.2% real terms reduction) over the budget period (2012-13 to 2014-15).

The greatest monetary increase in revenue DEL in 2013-14 is in the Sectors and Business SPA, which sees an increase of £5.2 million, or 10.2%. In real terms this equates to a 7.5% increase. This is likely to be due to the restructuring of the BETS budget to better align with delivery plans and transfers to provide additional funding to the Sectors budget as detailed in Annexes A and C of the Minister's paper to the Enterprise and Business Committee.³⁶

The greatest percentage increase in revenue DEL in 2013-14 is in the Science and Innovation SPA, which sees an increase of £3.6 million, or 33.9%. In real terms this equates to a 30.6% increase. Again this is likely to be due to the restructuring of the BETS budget to better align with delivery plans and transfers to provide for science programmes as detailed in Annexes A and C of the Minister's paper to the Enterprise and Business Committee.³⁷

The greatest reduction in revenue DEL in 2013-14 (in both monetary and percentage terms) is in the Strategy and Corporate Programmes SPA, which sees a decrease of £2.3 million, or 18.8%. In real terms this equates to a 20.7% reduction. No specific explanation provided for this, however it appears to be due to reductions in three main actions: £0.6 million reduction in the *Corporate*

³⁶ National Assembly for Wales, Enterprise and Business Committee, Paper from the Minister for Business, Enterprise, Technology and Science, [E+B\(4\)-30-12 Paper 1 - Welsh Government Draft Budget Proposals for 2013-2014, Annex A](#) and [Annex C](#), 11 October 2011 [accessed 21 October 2011]

³⁷ National Assembly for Wales, Enterprise and Business Committee, Paper from the Minister for Business, Enterprise, Technology and Science, [E+B\(4\)-30-12 Paper 1 - Welsh Government Draft Budget Proposals for 2013-2014, Annex A](#) and [Annex C](#), 11 October 2011 [accessed 21 October 2011]

Programmes action; £1.3 million reduction in the *Finance Wales* action; and £0.4 million reduction in the *Strategy Programmes* action.

Capital DEL

- Reduces by £6.3 million or 6.4% (8.7% real terms reduction) in 2013-14 as compared with 2012-13.
- Reduces by £9 million, or 9.1% (13.5% real terms reduction) over the budget period (2012-13 to 2014-15).

The greatest monetary and percentage increase in capital DEL in 2013-14 is in Infrastructure SPA, which sees an increase of £17.4 million, or over 100 per cent. This is likely to relate to the additional allocations to the *Deliver ICT Infrastructure* action from capital reserves as shown in [table 21](#) together with an already planned increase of around £7 million at the time of indicative plans published last year.

The greatest monetary reduction in capital DEL in 2013-14 is in the Strategy and Corporate Programmes SPA, which sees a decrease of £1.9 million, or 96.9%. There is no specific explanation provided for this. However, indicative plans published last year showed a planned reduction of £1.5 million. In addition to this there has been a further reduction of £0.3 million in the *Corporate Programmes* action which is due to the restructuring of the BETS budget to better align with delivery plans and transfers to provide additional funding to the Sectors budget as detailed in Annex C of the Minister's paper to the Enterprise and Business Committee.³⁸

The greatest reduction in capital DEL in 2013-14 is in the Sectors and Business SPA, which sees a decrease of £22.3 million, or 32.4%. In real terms this equates to a 34.1% reduction. There is no explanation provided for this as it is in line with indicative plans published last year to reduce this SPA by £25 million (mainly in relation to the *Legacy SIF* action), offset

AME

- Reduces by £21.4 million or 51.7% (52.9% real terms reduction) in 2013-14 as compared with 2012-13.
- Reduces by £21.4 million, or 51.7% (54.0% real terms reduction) over the budget period (2012-13 to 2014-15).

³⁸ National Assembly for Wales, Enterprise and Business Committee, Paper from the Minister for Business, Enterprise, Technology and Science, [E+B\(4\)-30-12 Paper 1 - Welsh Government Draft Budget Proposals for 2013-2014, Annex A](#) and [Annex C](#), 11 October 2011 [accessed 21 October 2011]

Table 22: Year-on-year changes to BETS MEG

Spending Programme Area (SPA)	2012-13	2013-14	2014-15	Change 2012-13 to		Overall change		Real terms change		Real terms overall	
	Supplementary Budget	Draft Budget	indicative Draft Budget	2012-13 to 2013-14	per cent	2012-13 to 2014-15	per cent	2012-13 to 2013-14	per cent	change 2012-13 to 2014-15	per cent
	£000	£000	£000	£000		£000		£000		£000	
REVENUE DEL											
Sectors and Business	50,722	55,872	55,324	5,150	10.2	4,602	9.1	3,787	7.5	1,936	3.8
Science & Innovation	10,656	14,269	14,895	3,613	33.9	4,239	39.8	3,265	30.6	3,521	33.0
Regional Funding	0	0	0	0	0.0	0	0.0	0	0.0	0	0.0
Finance Wales	0	0	0	0	0.0	0	0.0	0	0.0	0	0.0
Major Events	4,831	4,740	4,740	-91	-1.9	-91	-1.9	-207	-4.3	-319	-6.6
Marketing	0	0	0	0	0.0	0	0.0	0	0.0	0	0.0
Infrastructure	22,415	20,642	22,171	-1,773	-7.9	-244	-1.1	-2,276	-10.2	-1,312	-5.9
Strategy & Corporate Programmes	12,478	10,138	10,060	-2,340	-18.8	-2,418	-19.4	-2,587	-20.7	-2,903	-23.3
WEFO	1,522	1,522	1,522	0	0.0	0	0.0	-37	-2.4	-73	-4.8
Rural Affairs	74,246	75,116	74,916	870	1.2	670	0.9	-962	-1.3	-2,940	-4.0
Tourism	0	0	0	0	0.0	0	0.0	0	0.0	0	0.0
TOTAL REVENUE	176,870	182,299	183,628	5,429	3.1	6,758	3.8	983	0.6	-2,090	-1.2
CAPITAL DEL											
Sectors and Business	68,832	46,519	46,144	-22,313	-32.4	-22,688	-33.0	-23,448	-34.1	-24,911	-36.2
Science & Innovation	1,107	2,613	2,979	1,506	136.0	1,872	169.1	1,442	130.3	1,728	156.1
Regional Funding	0	0	0	0	0.0	0	0.0	0	0.0	0	0.0
Finance Wales	0	0	0	0	0.0	0	0.0	0	0.0	0	0.0
Infrastructure	11,031	28,456	28,456	17,425	158.0	17,425	158.0	16,731	151.7	16,054	145.5
Strategy & Corporate Programmes	1,917	59	68	-1,858	-96.9	-1,849	-96.5	-1,859	-97.0	-1,852	-96.6
Rural Affairs	15,469	14,423	11,723	-1,046	-6.8	-3,746	-24.2	-1,398	-9.0	-4,311	-27.9
Tourism	0	0	0	0	0.0	0	0.0	0	0.0	0	0.0
TOTAL CAPITAL	98,356	92,070	89,370	-6,286	-6.4	-8,986	-9.1	-8,532	-8.7	-13,292	-13.5
AME											
Infrastructure	41,402	20,000	20,000	-21,402	-51.7	-21,402	-51.7	-21,890	-52.9	-22,366	-54.0
TOTAL AME	41,402	20,000	20,000	-21,402	-51.7	-21,402	-51.7	-21,890	-52.9	-22,366	-54.0
Revenue DEL	176,870	182,299	183,628	5,429	3.1	6,758	3.8	983	0.6	-2,090	-1.2
Capital DEL	98,356	92,070	89,370	-6,286	-6.4	-8,986	-9.1	-8,532	-8.7	-13,292	-13.5
TOTAL DEL	275,226	274,369	272,998	-857	-0.3	-2,228	-0.8	-7,549	-2.7	-15,383	-5.6
Annually Managed Expenditure	41,402	20,000	20,000	-21,402	-51.7	-21,402	-51.7	-21,890	-52.9	-22,366	-54.0
TOTAL BETS	316,628	294,369	292,998	-22,259	-7.0	-23,630	-7.5	-29,439	-9.3	-37,748	-11.9

Source: Research Service calculations from Welsh Government Draft Budget 2013-14 and HM Treasury's [GDP deflators](#) (as at September 2012)

7. Education & Skills (E&S)

This section details the overall figures³⁹ for the E&S MEG, provides details of additional allocations and transfers since indicative plans from last year, and summarises the greatest year-on-year changes in the actions/SPAs of the MEG.

The E&S MEG accounts for **12.5%** of the Welsh Government's total DEL allocation in 2013-14.

7.1. Changes in comparison to indicative plans

Table 23 shows details of allocations in the E&S MEG at SPA level as compared with previous indicative plans (as at Final Budget 2012-13) and how these plans have changed in the draft budget 2013-14.

Total DEL

In comparison to previous indicative plans total DEL for 2013-14 has increased by £12.3 million, or 0.7%. In 2014-15 allocations have decreased by £10.8 million, or 0.6%.

As shown in **table 24**, these changes are due to:

- the net impact of transfers out of the E&S MEG of £21 million in 2013-14 and £20.8 million in 2014-15; and
- additional allocations from reserves of £33.3 million in 2013-14 and £10 million in 2014-15.

Revenue DEL

There have been a number of additional revenue allocations to the E&S MEG, in comparison with previous indicative plans, which are the result of transfers from other MEGs. These movements account for the decreases in revenue DEL (against indicative plans) of **£21 million (1.2%) in 2013-14 and £20.8 million (1.2%) in 2014-15**. These transfers are summarised below and **table 24** shows details of the actions they have occurred in.

- **£2.1 million transfer into the E&S MEG from the HSSC MEG** in 2013-14. This is to cover payments to Cardiff University to support medical and dental training. There is a similar transfer of £2.3 million in 2014-15.
- **£21.8 million has been transferred out of the E&S MEG to the LGC MEG** in 2013-14. This is in relation to the transfer of responsibility for the Free School Breakfast Initiative, Appetite for Life and School Counselling under the

³⁹ Note that the quoted figures in this section may not always add to totals, this is due to rounding of figures for ease of reference.

School Standards and Organisation (Wales) Bill. This is a recurrent transfer in 2014-15.

- **£1.3 million has been transferred out of the E&S MEG to the CSA MEG** in 2013-14. This relates to administration costs of the former Welsh language Board, which was abolished earlier in the year. This is a recurrent transfer in 2014-15.

There are also a number of revenue transfers between actions within the LGC MEG in 2013-14, the net impact of which is zero. Further detail of these transfers is provided in the Ministers' papers to the Children and Young People Committee⁴⁰ and the Enterprise and Business Committee.⁴¹

Capital DEL

There have been additional capital allocations to the E&S MEG, these movements account for the increases in capital DEL (against indicative plans) of **£33.3 million (23.2%) in 2013-14 and £10 million (7.0%) 2014-15**. These allocations are summarised below and [table 24](#) shows details of the actions they have occurred in.

- **£15 million to projects relating to the Wales Infrastructure Investment Plan (WIIP)**⁴² in 2013-14 and £10 million in 2014-15. These allocations are as follows:
 - £15 million in 2013-14 to enable the acceleration of schemes under the 21st Century Schools programme; and
 - £10 million in 2014-15 to accelerate the new post-16 Further Education campus for Cardiff & Vale College in Cardiff city centre.
- **£18.3 million to projects from the Centrally Retained Capital Fund** in 2013-14. These allocations are as follows:
 - £7 million for the extension, refurbishment and new build of secondary schools in the Dinefwr region in Carmarthenshire;
 - £2.1 million for the Gateway to the Valleys project to build a new school in Tondu, Bridgend;
 - £3 million for the Merthyr Learning Quarter project;

⁴⁰ National Assembly for Wales, Children and Young People Committee, Paper from the Minister for Education and Skills and the Deputy Minister for Skills, Education and Skills, [CYP\(4\)-27-12 Paper 1: Draft Budget 2013-14](#), also [Annex 1](#) to paper, 10 October 2012 [accessed 29 October 2012]

⁴¹ National Assembly for Wales, Enterprise and Business Committee, Paper from the Minister for Education and Skills and the Deputy Minister for Skills, Education and Skills, [E+B\(4\)-31-12 Paper 1: Draft Budget 2013-14](#), also [Annex 1](#) to paper, 17 October 2012 [accessed 29 October 2012]

⁴² Welsh Government, [Wales Infrastructure Investment Plan for Growth and Jobs](#), 2012 [accessed 29 October 2012]

- £4.7 million for the Ysgol y Bont project in Anglesey for the construction of a new 'green' school; and
- £1.5 million for a new Welsh medium school in Wrexham.

From the expenditure allocation tables,⁴³ it would appear that there is also a capital transfer within the MEG of £0.1 million, from the Welsh Language action to the Estates & IT Provision action. This transfer is not detailed in the budget documentation or Ministerial papers.

AME

In comparison to previous indicative plans AME for 2013-14 has increased by £15.6 million, or 9.7%. In 2014-15 allocations have increased by £29.8 million, or 19.5%. This is wholly in respect of the latest forecasts for student loans, which are demand-led and sensitive to interest rates.

⁴³ Welsh Government, [Draft Budget 2013-14 Allocations](#), October 2012 [accessed 29 October 2012]

Table 23: Changes to E&S MEG since indicative plans in Final Budget 2012-13

Spending Programme Area (SPA)	2013-14	2014-15	2013-14	2014-15	Change Final Budget		Change Final Budget	
	Indicative Final Budget	Indicative Final Budget	Draft Budget	indicative Draft Budget	indicative 2013-14 to Draft Budget 2013-14	per cent	indicative 2014-15 to Draft Budget 2014-15	per cent
	£000	£000	£000	£000	£000		£000	
REVENUE DEL								
Education and Training Standards	1,186,719	1,191,319	1,184,252	1,189,052	-2,467	-0.2	-2,267	-0.2
Skilled Workforce	77,039	77,039	81,403	81,403	4,364	5.7	4,364	5.7
Economic and Social Wellbeing and Reducing Inequality	401,605	404,640	379,019	382,054	-22,586	-5.6	-22,586	-5.6
Welsh Language	26,455	26,455	25,076	25,076	-1,379	-5.2	-1,379	-5.2
Delivery Support	3,006	3,006	4,049	4,049	1,043	34.7	1,043	34.7
TOTAL REVENUE	1,694,824	1,702,459	1,673,799	1,681,634	-21,025	-1.2	-20,825	-1.2
CAPITAL DEL	143,734	143,734	177,134	153,834	33,400	23.2	10,100	7.0
Education and Training Skills	100	100	0	0	-100	-100.0	-100	-100.0
Welsh Language	143,834	143,834	177,134	153,834	33,300	23.2	10,000	7.0
TOTAL CAPITAL								
AME								
Economic and Social Wellbeing and Reducing Inequality	161,285	153,310	176,869	183,149	15,584	9.7	29,839	19.5
TOTAL AME	161,285	153,310	176,869	183,149	15,584	9.7	29,839	19.5
Revenue DEL	1,694,824	1,702,459	1,673,799	1,681,634	-21,025	-1.2	-20,825	-1.2
Capital DEL	143,834	143,834	177,134	153,834	33,300	23.2	10,000	7.0
TOTAL DEL	1,838,658	1,846,293	1,850,933	1,835,468	12,275	0.7	-10,825	-0.6
Annually Managed Expenditure	161,285	153,310	176,869	183,149	15,584	9.7	29,839	19.5
TOTAL E&S	1,999,943	1,999,603	2,027,802	2,018,617	27,859	1.4	19,014	1.0

Source: Research Service calculations from Welsh Government Draft Budget 2013-14

Table 24: Transfers to/from E&S MEG

From	2013-14	2014-15	To	2013-14	2014-15	Description
REVENUE DEL TRANSFERS						
HSSC: Support Education and Training of the NHS Workforce	-2.1	-2.3	E&S: Higher Education	2.1	2.3	Payments to Cardiff University to support medical and dental training. For Free School Breakfast initiative, Appetite for Life and School Counselling in relation to School Standards and Organisation (Wales) Bill
E&S: Wellbeing of children and young people	-21.8	-21.8	LGC: Funding Support for Local Government	21.8	21.8	Recurrent transfer to cover administration costs of the former Welsh Language Board, abolished earlier this year.
E&S: Welsh Language	-1.3	-1.3	CSA: Staff Costs	1.3	1.3	
E&S MEG net revenue DEL transfers	2013-14					-21.0
E&S MEG net revenue DEL transfers	2014-15					-20.8
CAPITAL DEL TRANSFERS						
Additional capital allocation in relation to WIIP	-15.0		E&S: Estate and IT Provision	15.0		Acceleration of schemes under 21st Century Schools programme
Centrally retained capital	-7.0		E&S: Estate and IT Provision	7.0		Extension, refurbishment and new build of secondary schools in Dinefwr region of Carmarthenshire
Centrally retained capital	-2.1		E&S: Estate and IT Provision	2.1		Gateway to the Valleys project: new school in Tondu area of Bridgend
Centrally retained capital	-3.0		E&S: Estate and IT Provision	3.0		Merthyr learning Quarter project
Centrally retained capital	-4.7		E&S: Estate and IT Provision	4.7		Ysgol y Bont project in Anglesey
Centrally retained capital	-1.5		E&S: Estate and IT Provision	1.5		New Welsh medium school in Wrexham
Additional capital allocation in relation to WIIP		-10.0	E&S: Estate and IT Provision		10.0	Post-16 Further Education campus for Cardiff and Vale College
E&S MEG net capital DEL transfers	2013-14					33.3
E&S MEG net capital DEL transfers	2014-15					10.0
E&S MEG net DEL transfers	2013-14					12.3
E&S MEG net DEL transfers	2014-15					-10.8

Source: Research Service calculations from Welsh Government Draft Budget 2013-14

7.2. Year-on-year changes

Table 25 provides information on the allocations proposed within the E&S MEG at SPA level, showing the year on year changes in 2012-13 and the cumulative changes over the budget period in both cash and real terms.

Total DEL

- Reduces by £3.9 million or 0.2% (2.6% real terms reduction) in 2013-14 as compared with 2012-13.
- Reduces by £19.4 million, or 1.0% (5.8% real terms reduction) over the budget period (2012-13 to 2014-15).

Revenue DEL

- Reduces by £2.7 million or 0.2% (2.6% real terms reduction) in 2013-14 as compared with 2012-13.
- Increases by £5.1 million, or 0.3% (4.5% real terms reduction) over the budget period (2012-13 to 2014-15).

The greatest increase in revenue DEL in 2013-14 (both in monetary and percentage terms) is in the Education and Training Standards SPA, which sees an increase of £17.3 million, or 1.5%. In real terms this equates to a 1.0% reduction. This can be seen to relate to a number of changes within the SPA,⁴⁴ the major ones being:

- *Literacy and Numeracy* action: increases by £2 million, as detailed in indicative plans;
- *Curriculum* action: increases by £2.4 million, as detailed in indicative plans but with a £0.9 million net reduction;
- *Qualifications* action: reduces by £3.8 million, due to recurrent savings identified during a review of budgets;
- *Post-16 Education* action: increases by £7.1 million, as a result of transfers within the MEG;
- *Education Structures* action: decreases by £1 million, due to recurrent savings identified during a review of budgets;
- *Education Standards* action: increases by £6.6 million, due to an increase from previous plans identified through efficiencies; and
- *Pupil Deprivation Grant* action: increases by £4.3 million, which is an increase of £1.4 million on indicative plans.

⁴⁴ National Assembly for Wales, Enterprise and Business Committee, Paper from the Minister for Education and Skills and the Deputy Minister for Skills, [E+B\(4\)-31-12 Paper 1: Welsh Government Draft Budget Proposals 2013-14](#), 17 October 2012 [accessed 30 October 2012]

The greatest monetary reduction in 2013-14 is in the Economic and Social Wellbeing and Reducing Inequality SPA, which sees a reduction of £11.7 million, or 3.0%. In real terms this equates to a 5.4% reduction. This can be seen to relate to a number of changes within the SPA,⁴⁵ the major ones being:

- *Access Opportunities* action: reduces by £5 million to zero. There is no specific explanation provided for this change. The Minister's paper to the Children and Young People Committee⁴⁶ refers to a review of budgets resulting in a number of changes aiming to focus resource on reducing the number of young people not in employment or training. As the only budget expenditure line (BEL)⁴⁷ in this action is *Supporting Young People*, this may relate to such a transfer.
- *Wellbeing of Children and Young People* action: reduces by £15.3 million. This is due to a recurrent transfer of £21.8 million to the RSG (as shown in [table 24](#)), offset an increase of £4.2 million to meet pressures related to students with learning difficulties in Further Education, which is funded from efficiency savings across the MEG. Further increases of £2.3m were included in indicative plans;
- *Post-16 Learner Support* action: increases by £8 million, in line with previous indicative plans; and
- *Pupil Engagement* action: increases by £0.6 million, in line with previous indicative plans.

The greatest percentage reduction in 2013-14 is in the Skills Workforce SPA, which sees a reduction of £8.2 million, or 9.2%. In real terms this equates to a 11.4% reduction. This can be seen to relate to a number of changes within the SPA,⁴⁸ the major ones being:

- *Employment and Skills* action: reduces by £3.3 million, partly due to transfers and restructuring of the budget to better align with the programme for Government. Also, in 2012-13 there was £7.2 million allocated in this action

⁴⁵ National Assembly for Wales, Enterprise and Business Committee, Paper from the Minister for Education and Skills and the Deputy Minister for Skills, [E+B\(4\)-31-12 Paper 1: Welsh Government Draft Budget Proposals 2013-14](#), 17 October 2012 [accessed 30 October 2012]

⁴⁶ National Assembly for Wales, Children and Young People Committee, National Assembly for Wales, Children and Young People Committee, National Assembly for Wales, Children and Young People Committee, [CYP\(4\)-27-12 Paper 1 - Welsh Government Draft Budget Proposals for 2013-2014](#) and [Annex 1](#) 10 October 2012 [accessed 30 October 2012]

⁴⁷ **Budget expenditure line (BEL)** - The Welsh Government's budget is broken down into several levels of detail for monitoring and control purposes. BELS are the lowest level of detail, below actions. BELS are not routinely published in the budget documentation, but are often provided in Ministerial papers to Committees of the Assembly.

⁴⁸ National Assembly for Wales, Enterprise and Business Committee, Paper from the Minister for Education and Skills and the Deputy Minister for Skills, [E+B\(4\)-31-12 Paper 1: Welsh Government Draft Budget Proposals 2013-14](#), 17 October 2012 [accessed 30 October 2012]

for the Young Recruits Programme and Skills Growth Wales, which is non-recurrent in 2013-14 and future years;

- *Youth Engagement & Employment* action: increases by £1.1 million, this is the net result of transfers within the MEG; and
Educational & Careers Choice action: reduces by £6 million, in line with previous indicative plans to deliver savings through reconfiguration of the delivery method of the Careers Service.

Capital DEL

- Reduces by £1.2 million or 0.7% (3.1% real terms reduction) in 2013-14 as compared with 2012-13.
- Reduces by £24.5 million, or 13.7% (17.9% real terms reduction) over the budget period (2012-13 to 2014-15).

The only change in capital DEL in 2013-14 is a reduction to the Education and Training Skills SPA, which sees a decrease of £1.2 million, or 0.7%. In real terms this equates to a 3.1% reduction. This year-on-year reduction is despite the additional allocations of £33.3 million on top of indicative plans (as shown in [table 24](#)).

AME

- Reduces by £1.4 million or 0.8% (3.2% real terms reduction) in 2013-14 as compared with 2012-13.
- Increases by £4.8 million, or 2.7% (2.2% real terms reduction) over the budget period (2012-13 to 2014-15).

Table 25: Year-on-year changes to E&S MEG

Spending Programme Area (SPA)	2012-13	2013-14	2014-15	Change 2012-13 to		Overall change		Real terms		Real terms overall	
	Supplementary Budget	Draft Budget	indicative Draft Budget	2013-14	2013-14	2012-13 to 2014-15	2012-13 to 2014-15	change 2012-13 to 2013-14	change 2012-13 to 2014-15	change 2012-13 to 2014-15	change 2012-13 to 2014-15
	£000	£000	£000	£000	per cent	£000	per cent	£000	per cent	£000	per cent
REVENUE DEL											
Education and Training Standards	1,166,961	1,184,252	1,189,052	17,291	1.5	22,091	1.9	-11,593	-1.0	-35,204	-3.0
Skilled Workforce	89,649	81,403	81,403	-8,246	-9.2	-8,246	-9.2	-10,231	-11.4	-12,168	-13.6
Economic and Social Wellbeing and Reducing Inequality	390,752	379,019	382,054	-11,733	-3.0	-8,698	-2.2	-20,977	-5.4	-27,108	-6.9
Welsh Language	24,976	25,076	25,076	100	0.4	100	0.4	-512	-2.0	-1,108	-4.4
Delivery Support	4,191	4,049	4,049	-142	-3.4	-142	-3.4	-241	-5.7	-337	-8.0
TOTAL REVENUE	1,676,529	1,673,799	1,681,634	-2,730	-0.2	5,105	0.3	-43,554	-2.6	-75,926	-4.5
CAPITAL DEL											
Education and Training Skills	178,293	177,134	153,834	-1,159	-0.7	-24,459	-13.7	-5,479	-3.1	-31,872	-17.9
Welsh Language	0	0	0	0	0.0	0	0.0	0	0.0	0	0.0
TOTAL CAPITAL	178,293	177,134	153,834	-1,159	-0.7	-24,459	-13.7	-5,479	-3.1	-31,872	-17.9
AME											
Economic and Social Wellbeing and Reducing Inequality	178,309	176,869	183,149	-1,440	-0.8	4,840	2.7	-5,754	-3.2	-3,985	-2.2
TOTAL AME	178,309	176,869	183,149	-1,440	-0.8	4,840	2.7	-5,754	-3.2	-3,985	-2.2
Revenue DEL	1,676,529	1,673,799	1,681,634	-2,730	-0.2	5,105	0.3	-43,554	-2.6	-75,926	-4.5
Capital DEL	178,293	177,134	153,834	-1,159	-0.7	-24,459	-13.7	-5,479	-3.1	-31,872	-17.9
TOTAL DEL	1,854,822	1,850,933	1,835,468	-3,889	-0.2	-19,354	-1.0	-49,034	-2.6	-107,797	-5.8
Annually Managed Expenditure	178,309	176,869	183,149	-1,440	-0.8	4,840	2.7	-5,754	-3.2	-3,985	-2.2
TOTAL E&S	2,033,131	2,027,802	2,018,617	-5,329	-0.3	-14,514	-0.7	-54,788	-2.7	-111,782	-5.5

Source: Research Service calculations from Welsh Government Draft Budget 2013-14 and HM Treasury's [GDP deflators](#) (as at September 2012)

8. Environment & Sustainable Development (ESD)

This section details the overall figures⁴⁹ for the ESD MEG, provides details of additional allocations and transfers since indicative plans from last year, and summarises the greatest year-on-year changes in the actions/SPAs of the MEG.

The ESD MEG accounts for 2.2% of the Welsh Government's total DEL allocation in 2013-14.

8.1. Changes in comparison to indicative plans

[Table 26](#) shows details of allocations in the ESD MEG at SPA level as compared with previous indicative plans (as at Final Budget 2012-13) and how these plans have changed in the draft budget 2013-14.

Total DEL

In comparison to previous indicative plans total DEL for 2013-14 has increased by £6.8 million, or 2.1%. In 2014-15 allocations have increased by £4.7 million, or 1.4%.

As shown in [table 27](#), these changes are due to:

- a transfer out of the ESD MEG in 2014-15 of £1.5 million; and
- net allocations from reserves of £6.8 million in 2013-14 and £6.2 million in 2014-15.

Revenue DEL

There have been transfers in the revenue allocations to the ESD MEG, in comparison with previous indicative plans. These account for the decreases in revenue DEL (against indicative plans) of **£1.3 million (0.5%) in 2013-14 and £3.3 million (1.2%) in 2014-15**. These transfers are summarised below and [table 27](#) shows details of the actions they have occurred in.

- **£1.3 million transfer from the ESD MEG** in 2013-14 to central reserves. This is in respect of the cost reductions and re-profiling of the Waste Management Procurement programme. There is a similar transfer out of £1.8 million in 2014-15.
- **£1.5 million transfer from the ESD MEG** in 2014-15 to the CSA MEG. This is a repayment to the Invest-to-Save fund in respect to the new Natural resources Body and is taken from the *Sponsor and Manage Delivery Bodies* action.

⁴⁹ Note that the quoted figures in this section may not always add to totals, this is due to rounding of figures for ease of reference.

From the expenditure allocation tables,⁵⁰ it would appear that there have also been a number of revenue transfers within the MEG, which have a net impact of zero. The draft budget narrative states that:

A recent review of budgets has been undertaken in order to ensure that they are fully aligned to deliver the priorities set out in the Programme for Government.

As a result of reviewing the priorities against current budget allocations, we have created two new programmes as well as a single budget for the new Natural Resources Body for Wales that brings together the Countryside Council for Wales (CCW) the Environment Agency Wales (EAW) and the Forestry Commission Wales (FCW). The combined budget for the Single Body will be in excess of £78m in 2013-14.

There have been a number of budget re-alignments to align current programmes and budget lines to their relevant Actions. All other budgets within the portfolio remain unchanged and they continue to support and deliver our commitments under the Programme for Government.⁵¹

Capital DEL

There have been a number of additional capital allocations to the ESD MEG, in comparison with previous indicative plans, which are the result of allocations from central reserves and a transfer back to reserves. These movements account for the increases in capital DEL (against indicative plans) of **£8.1 million (14.9%) in 2013-14 and £8 million (14.8%) in 2014-15**. These allocations are summarised below and [table 27](#) shows details of the actions they have occurred in.

- **£9 million to projects relating to the Wales Infrastructure Investment Plan (WIIP)⁵²** in 2013-14 and £11 million in 2014-15. These allocations are as follows:
 - £5 million in 2013-14 to increase investment in energy efficiency in Welsh homes and help lever in funding from the new Energy Company obligation (ECO). This funding will operate via existing Nest and Arbed schemes. There is a further £5 million allocated in 2014-15; and
 - £4 million in 2013-14 for the Flood and Coastal Erosion Risk Management programme, which will pay for schemes by local authorities and the Natural resources Body to reduce flood risk for a number of Welsh communities. There is a further £6 million allocated in 2014-15.

⁵⁰ Welsh Government, [Draft Budget 2013-14 Allocations](#), October 2012 [accessed 29 October 2012]

⁵¹ Welsh Government, [Draft Budget 2013-14 Narrative](#), October 2012 (page 70) [accessed 29 October 2012]

⁵² Welsh Government, [Wales Infrastructure Investment Plan for Growth and Jobs](#), 2012 [accessed 29 October 2012]

- **£0.9 million transfer from the ESD MEG** in 2013-14 into central reserves. This is in respect of the cost reductions and re-profiling of the Waste Management Procurement programme. There is a similar transfer out of £3 million in 2014-15.

From the expenditure allocation tables,⁵³ it would appear that there has also been a capital transfers within the MEG, which has a net impact of zero. This shows that £0.2 million has been transferred from the *Sponsor and Manage Delivery Bodies* action, to the *Implementing the new Woodland Strategy through Forestry Commission Wales* action in both 2013-14 and 2014-15 to bring the latter action to zero. This relates to the formation of the new Natural Resources Body for Wales.

⁵³ Welsh Government, [Draft Budget 2013-14 Allocations](#), October 2012 [accessed 29 October 2012]

Table 26: Changes to ESD MEG since indicative plans in Final Budget 2012-13

Spending Programme Area (SPA)	2013-14	2014-15	2013-14	2014-15	Change Final Budget		Change Final Budget	
	Indicative Final Budget	Indicative Final Budget	Draft Budget	indicative Draft Budget	indicative 2013-14 to Draft Budget 2013-14	per cent	indicative 2014-15 to Draft Budget 2014-15	per cent
	£000	£000	£000	£000	£000		£000	
REVENUE DEL								
Climate Change and Sustainability	121,118	125,418	120,118	123,885	-1,000	-0.8	-1,533	-1.2
Environment	77,648	77,648	97,216	95,704	19,568	25.2	18,056	23.3
Planning	7,090	7,090	7,090	7,090	0	0.0	0	0.0
Protecting & Improving Animal Health & Welfare	38,895	38,041	38,895	38,041	0	0.0	0	0.0
Evidence Base	304	304	1,136	1,136	832	273.7	832	273.7
Forestry	20,700	20,700	0	0	-20,700	-100.0	-20,700	-100.0
TOTAL REVENUE	265,755	269,201	264,455	265,856	-1,300	-0.5	-3,345	-1.2
CAPITAL DEL								
Climate Change and Sustainability	50,555	50,555	58,628	58,584	8,073	16.0	8,029	15.9
Environment	3,850	3,850	3,645	3,645	-205	-5.3	-205	-5.3
Evidence Base	38	38	38	38	0	0.0	0	0.0
Forestry	-205	-205	0	0	205	..	205	..
TOTAL CAPITAL	54,238	54,238	62,311	62,267	8,073	14.9	8,029	14.8
Revenue DEL	265,755	269,201	264,455	265,856	-1,300	-0.5	-3,345	-1.2
Capital DEL	54,238	54,238	62,311	62,267	8,073	14.9	8,029	14.8
TOTAL DEL	319,993	323,439	326,766	328,123	6,773	2.1	4,684	1.4
Annually Managed Expenditure	0	0	0	0	0	0.0	0	0.0
TOTAL ESD	319,993	323,439	326,766	328,123	6,773	2.1	4,684	1.4

Source: Research Service calculations from Welsh Government Draft Budget 2013-14

Table 27: Transfers to/from ESD MEG

From	2013-14	2014-15	To	2013-14	2014-15	Description
REVENUE DEL TRANSFERS						
ESD: Manage and implement the Waste Strategy and waste procurement	-1.3	-1.8	Central reserves	1.3	1.8	Adjustment in respect of cost reductions and reprofiling of the Waste Management Procurement Programme
ESD: Sponsor and Manage Delivery Bodies		-1.5	CSA: Invest-to-Save Fund Repayment of Investments		1.5	Repayments of Invest-to-Save projects
ESD MEG net revenue DEL transfers	2013-14					-1.3
ESD MEG net revenue DEL transfers	2014-15					-3.3
CAPITAL DEL TRANSFERS						
Additional capital allocation in relation to WIIP	-5.0	-5.0	ESD: Develop and implement climate change, emission prevention and fuel poverty policy, communications, legislation and regulation	5.0	5.0	Increase energy efficiency of Welsh homes and help lever in additional funding from the new Energy Company Obligation (ECO). Funding to operate via existing schemes Nest and Arbed.
Additional capital allocation in relation to WIIP	-4.0	-6.0	ESD: Develop and implement flood and coastal risk, water and sewage policy and legislation	4.0	6.0	Flood and Coastal Erosion Risk Management Programme to pay for schemes led by local authorities and the Natural resources Body to reduce flood risk for a number of communities across Wales
ESD: Manage and implement the Waste Strategy and waste procurement	-0.9	-3.0	Central reserves	0.9	3.0	Adjustment in respect of cost reductions and reprofiling of the Waste Management Procurement Programme
ESD MEG net capital DEL transfers	2013-14					8.1
ESD MEG net capital DEL transfers	2014-15					8.0
ESD MEG net DEL transfers	2013-14					6.8
ESD MEG net DEL transfers	2014-15					4.7

Source: Research Service calculations from Welsh Government Draft Budget 2013-14

8.2. Year-on-year changes

Table 28 provides information on the allocations proposed within the ESD MEG at SPA level, showing the year on year changes in 2012-13 and the cumulative changes over the budget period in both cash and real terms.

Total DEL

- Reduces by £13.8 million or 4.0% (6.4% real terms reduction) in 2013-14 as compared with 2012-13.
- Reduces by £12.4 million, or 3.6% (8.3% real terms reduction) over the budget period (2012-13 to 2014-15).

Revenue DEL

- Reduces by £0.7 million or 0.3% (2.7% real terms reduction) in 2013-14 as compared with 2012-13.
- Increases by £0.7 million, or 0.3% (4.6% real terms reduction) over the budget period (2012-13 to 2014-15).

The greatest monetary increase in revenue DEL in 2013-14 is in the Environment SPA, which rises by £16.3 million, or 20.2%. In real terms this equates to a 17.3% increase. This is the net impact of transfers within the MEG, the main one being a transfer of £18.7 million into the *Sponsor and Manage Delivery Bodies* action from the Forestry SPA, which relates to funding for the Natural Resources Body for Wales.⁵⁴

The greatest percentage increase in revenue DEL in 2013-14 is in the Evidence Base SPA, which rises by £0.8 million, or over 100 per cent. This appears to relate to a transfer from the Environment SPA (*Develop an appropriate evidence base action*) as a result of budget restructuring.

The greatest decrease in revenue DEL in 2013-14 (in both monetary and percentage terms) is in the Forestry SPA, which reduces by £21.2 million to zero. As detailed above this is the result of a transfer to the *Sponsor and Manage Delivery Bodies* action in the Environment SPA, which relates to funding for the Natural Resources Body for Wales.⁵⁵

⁵⁴ National Assembly for Wales, Environment and Sustainability Committee, Paper from the Minister for Environment and Sustainable Development, [Paper 2: Welsh Government Draft Budget 2013-2014](#), 18 October 2012 [accessed 30 October 2012]

⁵⁵ National Assembly for Wales, Environment and Sustainability Committee, Paper from the Minister for Environment and Sustainable Development, [Paper 2: Welsh Government Draft Budget 2013-2014](#), 18 October 2012 [accessed 30 October 2012]

Capital DEL

- Reduces by £13.1 million or 17.3% (19.3% real terms reduction) in 2013-14 as compared with 2012-13.
- Reduces by £13.1 million, or 17.4% (21.4% real terms reduction) over the budget period (2012-13 to 2014-15).

The greatest monetary decrease in capital DEL in 2013-14 is in the Climate Change and Sustainability SPA, which reduces by £11.3 million, or 16.2%. In real terms this equates to an 18.2% reduction. Previous indicative figures for this SPA showed a planned reduction of £19.4 million in 2013-14, which is offset by the net additional allocation of £8.1 million in capital as detailed in [table 27](#).

The greatest percentage decrease in capital DEL in 2013-14 is in the Environment SPA, which reduces by £2 million, or 34.9%. In real terms this equates to a 36.5% reduction. Previous indicative figures for this SPA showed a planned reduction of £1.8 million. In addition to this £0.2 million has been transferred from the *Sponsor and Manage Delivery Bodies* action, to the Forestry SPA (*Implementing the new Woodland Strategy through Forestry Commission Wales* action) to bring the latter action to zero. This relates to the formation of the new Natural Resources Body for Wales. This transfer to the Forestry SPA also represents the only increase in capital DEL in 2013-14. However, cannot really be considered an increase as it brings the total allocation for this action to zero as explained above.

Table 28: Year-on-year changes to ESD MEG

Spending Programme Area (SPA)	2012-13 Supplementary Budget	2013-14 Draft Budget	2014-15 indicative Draft Budget	Change 2012-13 to 2013-14		Overall change 2012-13 to 2014- 15		Real terms change 2012-13 to 2013- 14		Real terms overall change 2012-13 to 2014- 15	
	£000	£000	£000	£000	per cent	£000	per cent	£000	per cent	£000	per cent
REVENUE DEL											
Climate Change and Sustainability	115,855	120,118	123,885	4,263	3.7	8,030	6.9	1,333	1.2	2,061	1.8
Environment	80,887	97,216	95,704	16,329	20.2	14,817	18.3	13,958	17.3	10,205	12.6
Planning	7,403	7,090	7,090	-313	-4.2	-313	-4.2	-486	-6.6	-655	-8.8
Protecting & Improving Animal Health & Welfare	39,454	38,895	38,041	-559	-1.4	-1,413	-3.6	-1,508	-3.8	-3,246	-8.2
Evidence Base	354	1,136	1,136	782	220.9	782	220.9	754	213.1	727	205.4
Forestry	21,200	0	0	-21,200	-100.0	-21,200	-100.0	-21,200	-100.0	-21,200	-100.0
TOTAL REVENUE	265,153	264,455	265,856	-698	-0.3	703	0.3	-7,148	-2.7	-12,107	-4.6
CAPITAL DEL											
Climate Change and Sustainability	69,936	58,628	58,584	-11,308	-16.2	-11,352	-16.2	-12,738	-18.2	-14,175	-20.3
Environment	5,600	3,645	3,645	-1,955	-34.9	-1,955	-34.9	-2,044	-36.5	-2,131	-38.0
Evidence Base	38	38	38	0	0.0	0	0.0	-1	-2.4	-2	-4.8
Forestry	-205	0	0	205	..	205	..	205	..	205	..
TOTAL CAPITAL	75,369	62,311	62,267	-13,058	-17.3	-13,102	-17.4	-14,578	-19.3	-16,102	-21.4
Revenue DEL	265,153	264,455	265,856	-698	-0.3	703	0.3	-7,148	-2.7	-12,107	-4.6
Capital DEL	75,369	62,311	62,267	-13,058	-17.3	-13,102	-17.4	-14,578	-19.3	-16,102	-21.4
TOTAL DEL	340,522	326,766	328,123	-13,756	-4.0	-12,399	-3.6	-21,726	-6.4	-28,210	-8.3
Annually Managed Expenditure	0	0	0	0	0.0	0	0.0	0	0.0	0	0.0
TOTAL ESD	340,522	326,766	328,123	-13,756	-4.0	-12,399	-3.6	-21,726	-6.4	-28,210	-8.3

Source: Research Service calculations from Welsh Government Draft Budget 2013-14 and HM Treasury's [GDP deflators](#) (as at September 2012)

9. Housing, Regeneration & Heritage (HRH)

This section details the overall figures⁵⁶ for the HRH MEG, provides details of additional allocations and transfers since indicative plans from last year, and summarises the greatest year-on-year changes in the actions/ SPAs of the MEG.

The HRH MEG accounts for 3.7% of the Welsh Government's total DEL allocation in 2013-14.

9.1. Changes in comparison to indicative plans

[Table 29](#) shows details of allocations in the HRH MEG at SPA level as compared with previous indicative plans (as at Final Budget 2012-13) and how these plans have changed in the draft budget 2013-14.

Total DEL

In comparison to previous indicative plans total DEL for 2013-14 has increased by £14.3 million, or 2.6%. In 2014-15 allocations have increased by £7.8 million, or 1.4%.

As shown in [table 30](#), these changes are due to:

- net transfers into the HRH MEG of £1.8 million in both 2013-14 and 2014-15, and
- additional allocations from reserves of £12.5 million in 2013-14 and £6.5 million in 2014-15.

Revenue DEL

There have been a number of revenue transfers in the HRH MEG, in comparison with previous indicative plans. These movements account for the increases in revenue DEL (against indicative plans) of **£1.8 million (0.7%) in both 2013-14 and 2014-15**. These transfers are summarised below and [table 30](#) shows details of the actions they have occurred in.

- **£2 million transfer into the HRH MEG** in 2013-14 from the CSA MEG. This relates to a new mechanism to increase investment in social housing. This transfer is recurrent in 2014-15.
- **£0.2 million transfer from the HRH MEG** in 2013-14 to the CSA MEG. This is in respect of the Residential Property Tribunal. This transfer is recurrent in 2014-15.

⁵⁶ Note that the quoted figures in this section may not always add to totals, this is due to rounding of figures for ease of reference.

There are also a number of revenue transfers between actions within the HRH MEG in 2013-14, the net impact of which is zero. These are mainly due to restructuring of the HRH MEG, a reconciliation of which is included in the draft budget narrative document.⁵⁷ In addition to this, the Minister's paper to the Communities, Equalities and Local Government Committee states that:

There have also been a limited number of amendments between budget lines. In particular, the revenue budgets for regeneration and housing policy have been reduced by £1.8m and £0.2m respectively, with the total of £2m transferred to a new budget line to provide revenue support for the financing costs of an increased investment in social housing. This, in addition to the additional allocation to the MEG of £2m transferred from the Central Services and Administration MEG has created a total budget line of **£4m** which will be used in order to support the financing costs of a new mechanism to increase investment in social housing. This will deliver up front investment of approximately £100m and will deliver over 1,250 properties.⁵⁸

Capital DEL

There have been a number of additional capital allocations to the HRH MEG, in comparison with previous indicative plans, which are the result of allocations from central reserves. These movements account for the increases in capital DEL (against indicative plans) of **£12.5 million (4.8%) in 2013-14 and £6 million (2.3%) in 2014-15**. These allocations are summarised below and [table 30](#) shows details of the actions they have occurred in.

- **£6 million to projects relating to the Wales Infrastructure Investment Plan (WIIP)⁵⁹** in 2013-14 and £6 million in 2014-15. This relates to the Welsh Housing Partnership to support delivery of the Investing in Housing priority.
- **£6.5million to projects from the Centrally Retained Capital Fund** in 2013-14. These allocations are as follows:
 - £5 million for the west Rhyl Housing Redevelopment Scheme; and
 - £1.5 million for the restoration of Merthyr Tydfil Old town Hall.

It should be noted that as shown in [table 30](#), the draft budget narrative⁶⁰ and the Minister's paper to the Communities, Equalities and Local Government

⁵⁷ Welsh Government, [Draft Budget 2013-14 Narrative](#), October 2012 (Annex B) [accessed 29 October 2012]

⁵⁸ National Assembly for Wales, Communities, Equalities and Local Government Committee, [CELG\(4\)-23-12 - P1 Paper from the minister for Housing Regeneration and Heritage on the Draft Budget 2013-14](#), 18 October 2012 [accessed 29 October 2012]

⁵⁹ Welsh Government, [Wales Infrastructure Investment Plan for Growth and Jobs](#), 2012 [accessed 29 October 2012]

⁶⁰ Welsh Government, [Draft Budget 2013-14 Narrative](#), October 2012 (page 78) [accessed 29 October 2012]

Committee⁶¹ show that the £6 million WIIP funding has gone into the *Increase the Supply and Choice of Housing* action, and the £6.5 million CRC funding has gone into the *Regeneration* action. However, the draft budget allocation tables⁶² show a change of only £5 million in each year to the *Increase the Supply and Choice of Housing* action, and an increase of £7.5 million in 2013-14 and an increase of £1 million in 2014-15 in the *Regeneration* action. Therefore, there must also have been a transfer of £1 million capital in each year from the *Increase the Supply and Choice of Housing* action to the *Regeneration* action. Aside from this, there appear to have been no further movements in the capital allocations in the HRH MEG.

AME

In comparison to previous indicative plans AME for 2013-14 has decreased by £16 million, or 30.6%. In 2014-15 allocations have also decreased by £16 million, or 30.6%. This is stated to reflect the latest forecasts relating to the Housing Revenue Account Subsidy receipts payable to HM Treasury.⁶³

⁶¹ National Assembly for Wales, Communities, Equalities and Local Government Committee, [CELG\(4\)-23-12 - P1 Paper from the minister for Housing Regeneration and Heritage on the Draft Budget 2013-14](#), 18 October 2012 [accessed 29 October 2012]

⁶² Welsh Government, [Draft Budget 2013-14 Allocations](#), October 2012 [accessed 29 October 2012]

⁶³ Welsh Government, [Draft Budget 2013-14 Narrative](#), October 2012 (page 78) [accessed 29 October 2012]

Table 29: Changes to HRH MEG since indicative plans in Final Budget 2012-13

Spending Programme Area (SPA)	2013-14 Indicative Final Budget	2014-15 Indicative Final Budget	2013-14 Draft Budget	2014-15 indicative Draft Budget	Change Final Budget indicative 2013-14 to Draft Budget 2013-14		Change Final Budget indicative 2014-15 to Draft Budget 2014-15	
	£000	£000	£000	£000	£000	per cent	£000	per cent
REVENUE DEL								
Housing Policy	151,091	151,091	150,736	150,741	-355	-0.2	-350	-0.2
Homes and Places	15,098	15,098	17,278	17,278	2,180	14.4	2,180	14.4
Support and sustain a strong arts sector via the arts council and others	35,643	35,643	35,643	35,643	0	0.0	0	0.0
Museums, Archives and Libraries	37,445	37,445	37,445	37,445	0	0.0	0	0.0
Delivery of effective sports & physical activity programmes	24,853	24,899	24,853	24,899	0	0.0	0	0.0
Media and Publishing	3,926	3,926	3,926	3,926	0	0.0	0	0.0
Conserve, protect, sustain and promote access to the historic environment	11,541	11,541	11,541	11,541	0	0.0	0	0.0
TOTAL REVENUE	279,597	279,643	281,422	281,473	1,825	0.7	1,830	0.7
CAPITAL DEL								
Housing Policy	1,641	1,641	1,641	1,641	0	0.0	0	0.0
Homes and Places	251,029	251,029	263,529	257,029	12,500	5.0	6,000	2.4
Support and sustain a strong arts sector via the arts council and others	450	450	450	450	0	0.0	0	0.0
Museums, Archives and Libraries	4,043	4,043	4,043	4,043	0	0.0	0	0.0
Delivery of effective sports & physical activity programmes	345	345	345	345	0	0.0	0	0.0
Media and Publishing	25	25	25	25	0	0.0	0	0.0
Conserve, protect, sustain and promote access to the historic environment	5,031	5,031	5,031	5,031	0	0.0	0	0.0
TOTAL CAPITAL	262,564	262,564	275,064	268,564	12,500	4.8	6,000	2.3
AME								
Museums and Libraries Pensions	2,740	2,740	2,740	2,740	0	0.0	0	0.0
Housing	-55,000	-55,000	-71,000	-71,000	-16,000	-29.1	-16,000	-29.1
TOTAL AME	-52,260	-52,260	-68,260	-68,260	-16,000	-30.6	-16,000	-30.6
Revenue DEL	279,597	279,643	281,422	281,473	1,825	0.7	1,830	0.7
Capital DEL	262,564	262,564	275,064	268,564	12,500	4.8	6,000	2.3
TOTAL DEL	542,161	542,207	556,486	550,037	14,325	2.6	7,830	1.4
Annually Managed Expenditure	-52,260	-52,260	-68,260	-68,260	-16,000	-30.6	-16,000	-30.6
TOTAL HRH	489,901	489,947	488,226	481,777	-1,675	-0.3	-8,170	-1.7

Source: Research Service calculations from Welsh Government Draft Budget 2013-14

Table 30: Transfers to/from HRH MEG

From	2013-14	2014-15	To	2013-14	2014-15	Description
REVENUE DEL TRANSFERS						
CSA:Match Funding	-2.0	-2.0	HRH:Increase the supply and choice of housing	2.0	2.0	New mechanism to increase investment in social housing
HRH:Policy Development and Implementation	-0.2	-0.2	CSA:Tribunals	0.2	0.2	Residential Property Tribunal
HRH MEG net revenue DEL transfers	2013-14					1.8
HRH MEG net revenue DEL transfers	2014-15					1.8
CAPITAL DEL TRANSFERS						
Additional capital allocation in relation to WIIP	-6.0	-6.0	HRH: Increase the supply and choice of housing	6.0	6.0	Welsh Housing Partnership to support delivery of the investing in housing priority in the WIIP.
Centrally retained capital	-5.0		HRH: Regeneration	5.0		West Rhyl Housing Redevelopment Scheme
Centrally retained capital	-1.5		HRH: Regeneration	1.5		Restoration of Merthyr Tydfil Old Town Hall
HRH MEG net capital DEL transfers	2013-14					12.5
HRH MEG net capital DEL transfers	2014-15					6.0
HRH MEG net DEL transfers	2013-14					14.3
HRH MEG net DEL transfers	2014-15					7.8

Source: Research Service calculations from Welsh Government Draft Budget 2013-14

9.2. Year-on-year changes

Table 31 provides information on the allocations proposed within the HRH MEG at SPA level, showing the year on year changes in 2012-13 and the cumulative changes over the budget period in both cash and real terms.

Total DEL

- Reduces by £36.2 million or 6.1% (8.4% real terms reduction) in 2013-14 as compared with 2012-13.
- Reduces by £42.6 million, or 7.2% (11.7% real terms reduction) over the budget period (2012-13 to 2014-15).

Revenue DEL

- Increases by £3.1 million or 1.1% (1.4% real terms reduction) in 2013-14 as compared with 2012-13.
- Increases by £3.1 million, or 1.1% (3.7% real terms reduction) over the budget period (2012-13 to 2014-15).

The greatest increase in revenue DEL in 2013-14 (in both monetary and percentage terms) is in the Homes and Places SPA, which rises by £2.2 million, or 14.9%. In real terms this equates to a 12.1% increase. This is the net result of an additional £4 million for the *Increase the supply and choice of housing* action, comprising a £2 million transfer from the CSA MEG (as detailed in **table 30**), a transfer of £0.2 million from the Housing Policy SPA, and a £1.8 million transfer within the SPA from the *Regeneration* action. The Minister for Housing, Regeneration and Housing, in his paper to the Communities, Equality and Local Government Committee states that this is:

... a new budget line to provide revenue support for the financing costs of an increased investment in social housing.⁶⁴

The greatest monetary decrease in revenue DEL in 2013-14 is in the Conserve, protect, sustain and promote access to the historic environment SPA, which reduces by £0.1 million or 1.0%. In real terms this equates to a 3.4% reduction. This is in line with previously published indicative plans.

The greatest percentage decrease in revenue DEL in 2013-14 is in the Media and Publishing SPA, which reduces by £54,000 or 1.4%. In real terms this equates to a 3.8% reduction. This is in line with previously published indicative plans.

⁶⁴ National Assembly for Wales, Communities, Equality and Local Government Committee, Paper from the Minister for Housing, Regeneration and Heritage, [CELG\(4\)-23-12 – Paper 1: Welsh Government Draft Budget 2013-14](#), 18 October 2012 [accessed 30 October 2012]

Capital DEL

- Reduces by £39.3 million or 12.5% (14.6% real terms reduction) in 2013-14 as compared with 2012-13.
- Reduces by £45.8 million, or 14.6% (18.7% real terms reduction) over the budget period (2012-13 to 2014-15).

The only increase in capital DEL in 2013-14 is in the Museums, Archives and Libraries SPA, which rises by £70,000, or 1.8%. In real terms this equates to a 0.7% decrease. This is in line with previously published indicative plans.

The greatest decrease in capital DEL in 2013-14 (in both monetary and percentage terms) is in the Homes and Places SPA, which reduces by £39 million or 12.9%. In real terms this equates to a 15.0% reduction. Previous indicative figures for this SPA showed a planned reduction of £51.5 million in 2013-14. This has been offset by the additional capital allocations to this SPA of £12.5 million from central reserves, as detailed in [table 30](#).

AME

- Reduces by £2.8 million or 4.2% in 2013-14 as compared with 2012-13.
- Reduces by £2.8 million, or 4.2% over the budget period (2012-13 to 2014-15).

Table 31: Year-on-year changes to HRH MEG

Spending Programme Area (SPA)	2012-13 Supplementary Budget	2013-14 Draft Budget	2014-15 indicative Draft Budget	Change 2012-13 to 2013-14		Overall change 2012-13 to 2014-15		Real terms change 2012-13 to 2013-14		Real terms overall change 2012-13 to 2014-15	
	£000	£000	£000	£000	per cent	£000	per cent	£000	per cent	£000	per cent
REVENUE DEL											
Housing Policy	150,493	150,736	150,741	243	0.2	248	0.2	-3,433	-2.3	-7,016	-4.7
Homes and Places	15,038	17,278	17,278	2,240	14.9	2,240	14.9	1,819	12.1	1,407	9.4
Support and sustain a strong arts sector via the arts council and others	34,802	35,643	35,643	841	2.4	841	2.4	-28	-0.1	-876	-2.5
Museums, Archives and Libraries	37,436	37,445	37,445	9	0.0	9	0.0	-904	-2.4	-1,795	-4.8
Delivery of effective sports & physical activity programmes	24,923	24,853	24,899	-70	-0.3	-24	-0.1	-676	-2.7	-1,224	-4.9
Media and Publishing	3,980	3,926	3,926	-54	-1.4	-54	-1.4	-150	-3.8	-243	-6.1
Conserve, protect, sustain and promote access to the historic environment	11,658	11,541	11,541	-117	-1.0	-117	-1.0	-398	-3.4	-673	-5.8
TOTAL REVENUE	278,330	281,422	281,473	3,092	1.1	3,143	1.1	-3,772	-1.4	-10,420	-3.7
CAPITAL DEL											
Housing Policy	1,641	1,641	1,641	0	0.0	0	0.0	-40	-2.4	-79	-4.8
Homes and Places	302,566	263,529	257,029	-39,037	-12.9	-45,537	-15.1	-45,465	-15.0	-57,922	-19.1
Support and sustain a strong arts sector via the arts council and others	455	450	450	-5	-1.1	-5	-1.1	-16	-3.5	-27	-5.9
Museums, Archives and Libraries	3,973	4,043	4,043	70	1.8	70	1.8	-29	-0.7	-125	-3.1
Delivery of effective sports & physical activity programmes	345	345	345	0	0.0	0	0.0	-8	-2.4	-17	-4.8
Media and Publishing	25	25	25	0	0.0	0	0.0	-1	-2.4	-1	-4.8
Conserve, protect, sustain and promote access to the historic environment	5,313	5,031	5,031	-282	-5.3	-282	-5.3	-405	-7.6	-524	-9.9
TOTAL CAPITAL	314,318	275,064	268,564	-39,254	-12.5	-45,754	-14.6	-45,963	-14.6	-58,695	-18.7
AME											
Museums and Libraries Pensions	2,490	2,740	2,740	250	10.0	250	10.0	183	7.4	118	4.7
Housing	-68,000	-71,000	-71,000	-3,000	-4.4	-3,000	-4.4	-1,268	-1.9	421	0.6
TOTAL AME	-65,510	-68,260	-68,260	-2,750	-4.2	-2,750	-4.2	-1,085	-1.7	539	0.8
Revenue DEL	278,330	281,422	281,473	3,092	1.1	3,143	1.1	-3,772	-1.4	-10,420	-3.7
Capital DEL	314,318	275,064	268,564	-39,254	-12.5	-45,754	-14.6	-45,963	-14.6	-58,695	-18.7
TOTAL DEL	592,648	556,486	550,037	-36,162	-6.1	-42,611	-7.2	-49,735	-8.4	-69,115	-11.7
Annually Managed Expenditure	-65,510	-68,260	-68,260	-2,750	-4.2	-2,750	-4.2	..	..	..	..
TOTAL HRH	527,138	488,226	481,777	-38,912	-7.4	-45,361	-8.6	-50,820	-9.6	-68,576	-13.0

Source: Research Service calculations from Welsh Government Draft Budget 2013-14 and HM Treasury's [GDP deflators](#) (as at September 2012)

.. denotes not available

10. Central Services & Administration (CSA)

This section details the overall figures⁶⁵ for the CSA MEG, provides details of additional allocations and transfers since indicative plans from last year, and summarises the greatest year-on-year changes in the actions/ SPAs of the MEG.

The CSA MEG accounts for 2.3% of the Welsh Government's total DEL allocation in 2013-14.

10.1. Changes in comparison to indicative plans

[Table 32](#) shows details of allocations in the CSA MEG at SPA level as compared with previous indicative plans (as at Final Budget 2012-13) and how these plans have changed in the draft budget 2013-14.

Total DEL

In comparison to previous indicative plans total DEL for 2013-14 has increased by £16.4 million, or 4.9%. In 2014-15 allocations have increased by £18.9 million, or 5.7%.

As shown in [table 33](#), these changes are due to:

- net transfers into the CSA MEG of £14.4 million in 2013-14 and £10.9 million in 2014-15; and
- additional allocations from reserves of £2 million in 2013-14 and £8 million in 2014-15.

Revenue DEL

There have been a number of additional revenue allocations to the CSA MEG, in comparison with previous indicative plans, which are the result of transfers from other MEGs and an allocation from central reserves. These movements account for the increases in revenue DEL (against indicative plans) of **£16.4 million (5.3%) in 2013-14 and £18.9 million (6.2%) in 2014-15**. These transfers are summarised below and [table 33](#) shows details of the actions they have occurred in.

- **£1.3 million transfer into the CSA MEG** in 2013-14 from the E&S MEG. This is to cover the administration costs of the former Welsh Language Board, which was abolished in March 2012. This transfer is recurrent in 2014-15.
- **£2 million transfer into the CSA MEG** in 2013-14 from the HSSC MEG. This is in respect of the Mental Health Tribunal. This transfer is recurrent in 2014-15.

⁶⁵ Note that the quoted figures in this section may not always add to totals, this is due to rounding of figures for ease of reference.

- **£0.2 million transfer into the CSA MEG** in 2013-14 from the HRH MEG. This is in relation to the Residential Property Tribunal. This transfer is recurrent in 2014-15.
- **£1.6 million transfer into the CSA MEG** in 2013-14 from the LGC MEG. This is in respect of the pan-government agreement on digital mapping. This transfer is recurrent in 2014-15.
- **£13.1 million transfer into the CSA MEG** in 2013-14, and £9.5 million in 2014-15 as a result of transfers from other MEGs relating to repayments for Invest-to-Save projects. These are as follows:
 - £10.2 million in 2013-14 and £6.6 million in 2014-15 from the HSSC MEG;
 - £2.9 million in 2013-14 and £1.4 million in 2014-15 from the BETS MEG; and
 - £1.5 million in 2014-15 from the ESD MEG.
- **£2 million allocation from central reserves** in 2013-14 to the CSA MEG, for the Invest-to-Save Fund. There is a similar £8 million allocation in 2014-15.
- **£1.8 million transfer out of the CSA MEG** in 2013-14 to the UK Government's Department of Business, Innovation and Skills (BIS). This relates to the pan-government agreement on digital mapping. There is a similar transfer of £1.7 million in 2014-15.
- **£2 million transfer out of the CSA MEG** in 2013-14 to the HRH MEG. This is in support of a new mechanism to increase investment in social housing. This transfer is recurrent in 2014-15.

From the draft budget allocation tables⁶⁶ it can be seen that there are also a number of small revenue transfers between actions within the CSA MEG in 2013-14, the net impact of which is zero. Details of these transfers are not provided in the budget documents.

Capital DEL

There has been a no change to the capital allocations for the CSA MEG for either 2013-14 or 2014-15, in comparison with previous indicative plans. There is an internal transfer within the MEG of around £3 million in both 2013-14 and 2014-15. This transfer occurs from the *Invest-to-Save Repayments* action to the *Invest-to-Save* action, and it is likely that the capital repayments to the Fund are intended to be used to re-populate the capital element of the Fund.

⁶⁶ Welsh Government, [Draft Budget 2013-14 Allocations](#), October 2012 [accessed 29 October 2012]

AME

In comparison to previous indicative plans for both 2013-14 and 2014-15 AME has increased by £3 million, or over 100 per cent in each year. This is stated to be due to notional pension charges.⁶⁷

⁶⁷ Welsh Government, [Draft Budget 2013-14 Narrative](#), October 2012 (page 88) [accessed 29 October 2012]

Table 32: Changes to CSA MEG since indicative plans in Final Budget 2012-13

Spending Programme Area (SPA)	2013-14 Indicative Final Budget	2014-15 Indicative Final Budget	2013-14 Draft Budget	2014-15 indicative Draft Budget	Change Final Budget indicative 2013-14 to Draft Budget 2013-14		Change Final Budget indicative 2014-15 to Draft Budget 2014-15	
	£000	£000	£000	£000	£000	per cent	£000	per cent
REVENUE DEL								
Delegated Running Costs	194,099	194,099	195,372	195,372	1,273	0.7	1,273	0.7
Central Running Costs	88,083	88,083	88,616	88,635	533	0.6	552	0.6
Information & Support Services	11,035	11,035	12,508	12,608	1,473	13.3	1,573	14.3
Central Programmes	13,682	13,682	26,800	29,177	13,118	95.9	15,495	113.3
TOTAL REVENUE	306,899	306,899	323,296	325,792	16,397	5.3	18,893	6.2
CAPITAL DEL								
Central Running Costs	9,935	9,935	9,935	9,935	0	0.0	0	0.0
Central Programmes	15,378	15,378	15,378	15,378	0	0.0	0	0.0
TOTAL CAPITAL	25,313	25,313	25,313	25,313	0	0.0	0	0.0
AME								
Central Running Costs	-1,366	-848	1,634	2,152	3,000	219.6	3,000	353.8
TOTAL AME	-1,366	-848	1,634	2,152	3,000	219.6	3,000	353.8
Revenue DEL	306,899	306,899	323,296	325,792	16,397	5.3	18,893	6.2
Capital DEL	25,313	25,313	25,313	25,313	0	0.0	0	0.0
TOTAL DEL	332,212	332,212	348,609	351,105	16,397	4.9	18,893	5.7
Annually Managed Expenditure	-1,366	-848	1,634	2,152	3,000	219.6	3,000	353.8
TOTAL CSA	330,846	331,364	350,243	353,257	19,397	5.9	21,893	6.6

Source: Research Service calculations from Welsh Government Draft Budget 2013-14

Table 33: Transfers to/from CSA MEG

From	2013-14	2014-15	To	2013-14	2014-15	Description
REVENUE DEL TRANSFERS						
HSSC: Support Mental Health Policies and legislation	-2.0	-2.0	CSA:Tribunals	2.0	2.0	For Mental Health Review Tribunal
HSSC: Delivery of targeted NHS Services	-10.2	-6.6	CSA:Invest-to-Save Fund Investments	10.2	6.6	Repayment of Invest-to-Save projects by the NHS
LGC: Funding Support for Local Government	-1.6	-1.6	CSA: Geographical Information	1.6	1.6	Public Sector Mapping Agreement
CSA: Geographical Information	-1.8	-1.7	UK Department BIS	1.8	1.7	Pan-government agreement on digital mapping
BETS:Deliver ICT Infrastructure	-2.9	-1.4	CSA:Invest-to-Save Fund Investments	2.9	1.4	Repayments of Invest-to-Save projects
E&S:Welsh Language	-1.3	-1.3	CSA:Staff Costs	1.3	1.3	Recurrent transfer to cover administration costs of the former Welsh Language Board, abolished earlier this year.
ESD: Sponsor and Manage Delivery Bodies		-1.5	CSA:Invest-to-Save Fund Investments		1.5	Repayments of Invest-to-Save projects
HRH:Policy Development and Implementation	-0.2	-0.2	CSA:Tribunals	0.2	0.2	Residential Property Tribunal
Central Reserves	-2.0	-8.0	CSA: Invest-to-Save	2.0	8.0	Transfer from central reserves to populate Invest-to-Save fund
CSA:Match Funding	-2.0	-2.0	HRH:Increase the supply and choice of housing	2.0	2.0	New mechanism to increase investment in social housing
CSA MEG net revenue DEL transfers	2013-14				16.4	
CSA MEG net revenue DEL transfers	2014-15				18.9	
CAPITAL DEL TRANSFERS						
CSA MEG net capital DEL transfers	2013-14				0.0	
CSA MEG net capital DEL transfers	2014-15				0.0	
CSA MEG net DEL transfers	2013-14				16.4	
CSA MEG net DEL transfers	2014-15				18.9	

Source: Research Service calculations from Welsh Government Draft Budget 2013-14

10.2. Year-on-year changes

Table 34 provides information on the allocations proposed within the CSA MEG at SPA level, showing the year on year changes in 2012-13 and the cumulative changes over the budget period in both cash and real terms.

Total DEL

- Reduces by £14.3 million or 3.9% (6.3% real terms reduction) in 2013-14 as compared with 2012-13.
- Reduces by £11.8 million, or 3.2% (7.9% real terms reduction) over the budget period (2012-13 to 2014-15).

Revenue DEL

- Reduces by £11.1 million or 3.3% (5.7% real terms reduction) in 2013-14 as compared with 2012-13.
- Reduces by £8.6 million, or 2.6% (7.3% real terms reduction) over the budget period (2012-13 to 2014-15).

The greatest increase in revenue DEL in 2013-14 (in both monetary and percentage terms) is in the Central Programmes SPA, which rises by £12.4 million, or 86.8%. In real terms this equates to an 82.1% increase. Previous indicative figures for this SPA showed a planned reduction of £0.7 million in 2013-14. This has been offset by the additional allocations to this SPA of £13.1 million as a result of repayments to the Invest-to-Save Fund, as detailed in **table 33**.

The greatest decrease in revenue DEL in 2013-14 (in both monetary and percentage terms) is in the Information and Support Services SPA, which reduces by £10.5 million or 45.7%. In real terms this equates to a 47.0% reduction. Previous indicative figures for this SPA showed a planned reduction of £12 million in 2013-14. This has been offset by the net impact of transfers into the CSA MEG, as detailed in **table 33** and internal transfers within the MEG.

Capital DEL

- Reduces by £3.2 million or 11.1% (13.2% real terms reduction) in 2013-14 as compared with 2012-13.
- Reduces by £3.2 million, or 11.1% (15.4% real terms reduction) over the budget period (2012-13 to 2014-15).

There are no increases in capital DEL in 2013-14 in the CSA MEG.

The greatest decrease in capital DEL in 2013-14 (in both monetary and percentage terms) is in the Central Programmes SPA, which reduces by £1.9 million or 11.2%. In real terms this equates to a 13.4% reduction. This is in line with previously published indicative plans.

AME

- Increases by £3.5 million or over 100 per cent in 2013-14 as compared with 2012-13.
- Increases by £4 million, or over 100 per cent over the budget period (2012-13 to 2014-15).

Table 34: Year-on-year changes to CSA MEG

Spending Programme Area (SPA)	2012-13	2013-14	2014-15	Change 2012-13 to		Overall change		Real terms change		Real terms	
	Supplementary	Draft	indicative	2012-13 to	per cent	2012-13 to	per cent	2012-13 to 2013-	per cent	2012-13 to 2014-	per cent
	£000	£000	£000	£000		£000		14		15	
REVENUE DEL											
Delegated Running Costs	205,613	195,372	195,372	-10,241	-5.0	-10,241	-5.0	-15,006	-7.3	-19,655	-9.6
Central Running Costs	91,429	88,616	88,635	-2,813	-3.1	-2,794	-3.1	-4,974	-5.4	-7,065	-7.7
Information & Support Services	23,016	12,508	12,608	-10,508	-45.7	-10,408	-45.2	-10,813	-47.0	-11,016	-47.9
Central Programmes	14,361	26,800	29,177	12,439	86.6	14,816	103.2	11,785	82.1	13,410	93.4
TOTAL REVENUE	334,419	323,296	325,792	-11,123	-3.3	-8,627	-2.6	-19,008	-5.7	-24,325	-7.3
CAPITAL DEL											
Central Running Costs	11,145	9,935	9,935	-1,210	-10.9	-1,210	-10.9	-1,452	-13.0	-1,689	-15.2
Central Programmes	17,319	15,378	15,378	-1,941	-11.2	-1,941	-11.2	-2,316	-13.4	-2,682	-15.5
TOTAL CAPITAL	28,464	25,313	25,313	-3,151	-11.1	-3,151	-11.1	-3,768	-13.2	-4,371	-15.4
AME											
Central Running Costs	-1,842	1,634	2,152	3,476	188.7	3,994	216.8	3,436	186.5	3,890	211.2
TOTAL AME	-1,842	1,634	2,152	3,476	188.7	3,994	216.8	3,436	186.5	3,890	211.2
Revenue DEL	334,419	323,296	325,792	-11,123	-3.3	-8,627	-2.6	-19,008	-5.7	-24,325	-7.3
Capital DEL	28,464	25,313	25,313	-3,151	-11.1	-3,151	-11.1	-3,768	-13.2	-4,371	-15.4
TOTAL DEL	362,883	348,609	351,105	-14,274	-3.9	-11,778	-3.2	-22,777	-6.3	-28,696	-7.9
Annually Managed Expenditure	-1,842	1,634	2,152	3,476	188.7	3,994	216.8	3,436	186.5	3,890	211.2
TOTAL CSA	361,041	350,243	353,257	-10,798	-3.0	-7,784	-2.2	-19,341	-5.4	-24,806	-6.9

Source: Research Service calculations from Welsh Government Draft Budget 2013-14 and HM Treasury's [GDP deflators](#) (as at September 2012)

