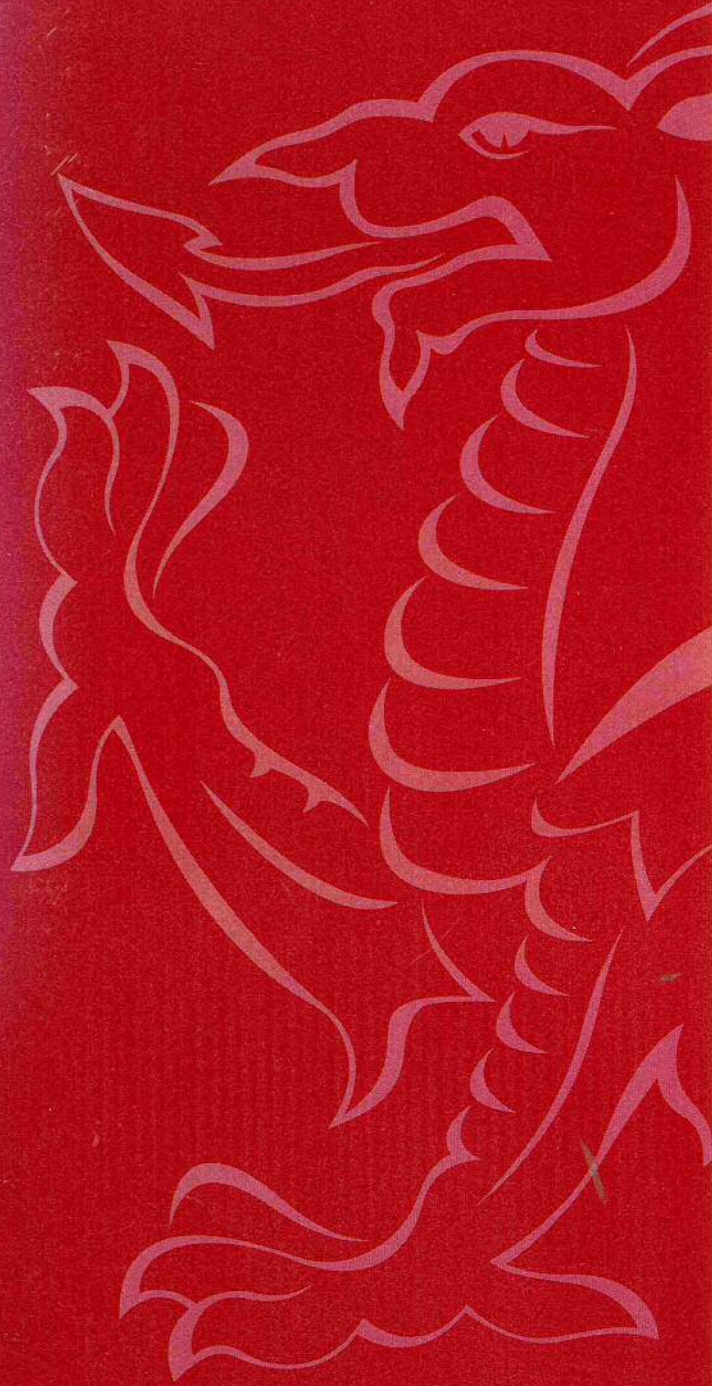


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Notes for Contributors

Authors should send papers for potential publication in the *Welsh Economic Review* to the Editor at the address given below, preferably via e-mail in a Word for Windows format. Papers are welcome on any topic that would be of general interest to the readership, and should be written in a style suitable for non-specialist readers. Papers should be approximately 3,000-4,000 words and any graphs or figures should be accompanied by the underlying data to allow reproduction.

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Dr Annette Roberts,
Editor, *Welsh Economic Review*,
Welsh Economy Research Unit,
Cardiff Business School,
Aberconway Building,
Colum Drive,
Cardiff, CF10 3EU.

Tel 029 2087 4173
Fax 020 2087 4419

e-mail robertsa1@cardiff.ac.uk

Public Sector Spending

The allocation of public expenditure in Wales for the period 2003-04 to 2005-06 was approved by the National Assembly on 6 November 2002. The backdrop for this budget was provided by the UK government's Spending Review settlement of July 2002 which continued the pattern set by the July 2000 review which provides for a substantial increase in the budget available in Wales. This reflects the overall trend for increased public expenditure in the UK since 1999, and the continuing commitment on behalf of the UK government to allow the Assembly to meet its European funding commitments for the 2000-06 programming period.

Table 10 shows how the overall increase in funding in Wales has been allocated across the Assembly's different expenditure categories, allowing the Assembly to increase public expenditure across most of its main areas of spending. A distinctive feature of this Assembly budget is the greater emphasis placed upon matching

increased investment with the improved delivery of frontline services across Wales. In announcing these increases in expenditure, as part of the draft budget of October 2002, the Assembly's Finance Minister Edwina Hart stated, 'This is a budget with a purpose proposed by a Government with a responsibility to deliver. I am

announcing major new investments in schools, in colleges, in health and social care, in the quality of life in all our communities; but at each and every turn I am requiring that the investment is matched by reform and an assurance of real results for the people of Wales' (Assembly Press Release, October 15 2002).

Table 10: National Assembly for Wales Budget for 2003-04 to 2005-06 (£000)

Expenditure Groups	2002-03 Original Plans	2003-04 New Plans	2005-06 New Plans	% change 2002-03 to 2005-06
Health & Social Services	3,748,641	4,170,585	4,460,525	+19.0
Local Government	2,994,814	3,232,978	3,515,018	+17.4
Housing (1)	506,960	528,539	499,660	-1.4
Communities	79,302	100,092	130,070	+64.0
Environment, Planning & Transport	916,554	800,638	874,932	-4.5
Agriculture & Rural Development	227,460	246,769	261,028	+14.8
Economic Development	536,077	565,734	577,252	+7.7
Education & Lifelong Learning	1,072,402	1,178,848	1,386,127	+29.2
Culture, Sport & the Welsh Language	75,189	90,251	104,868	+39.5
Estyn	11,104	13,887	15,710	+41.5
Auditor General for Wales	2,401	2,698	2,698	+12.4
Welsh Administration Ombudsman	600	600	600	0
Single Public Audit Body	0	400	0	Na
Commissioner for Public Appointments	0	230	230	Na
Forestry	31,200	27,958	28,408	-8.9
Presiding Officer	24,532	25,981	27,288	+11.2
Central Administration	143,667	165,974	168,689	+17.4
Other Assembly Services	2,083	2,759	2,994	+43.7
Total Assembly Expenditure	10,514,334	11,209,877	12,662,443	+20.4
Office of the Secretary of State for Wales	3,231	4,189	4,189	+29.6
Total Welsh Budget	10,517,565	11,214,066	12,666,632	+20.4

(1) The fall in spending in housing is partly due to moving budget lines between expenditure groups, in particular to the new 'Communities' heading.

Source: National Assembly for Wales.

Health expenditure provides a useful example. Health spending has been given the highest priority in the Assembly's spending plans with a 20 percent increase planned between 2002-03 and 2005-06. However, this has been accompanied by a firm commitment to improving the performance of the NHS in Wales. Thus, in announcing the budget Edwina Hart also announced the appointment of Derek Wanless as advisor to the Assembly's review of Health and Social Care in Wales. He was the author of the Treasury's report on the future of the NHS published in April 2002 which has been seen as influential in New Labour's thinking on health policy reform. In particular, it prioritises performance management, with funds tied directly to targets enforced by a rigorous monitoring and audit regime. Similarly, in addition to increases in basic grant support, local authorities in Wales will

receive £30m in 2003-04 under the Performance Incentive Grant in recognition of their progress in achieving agreed targets relating to key objectives in education, social services, transport and the environment.

Other notable areas of increased spending in Wales include education, where increases in both capital and revenue spending have been sanctioned, and community development. In the latter case, a new one-stop source of funding for all community and voluntary groups in Wales has been announced. The Community Facilities and Activities Programme is designed to improve the fabric of community life in Wales by supporting facilities such as community centres and church halls, and by promoting the activities carried out within them. Some £5.7 million has been made available under this scheme

for 2003-04, which is designed to complement the Assembly's *Communities First* programme. In so doing, it will prioritise support towards the economic and social regeneration of Wales' most disadvantaged communities.

The 2002-03 budget debate in November 2001 was dominated by the large under-spend in the Assembly's budget. At the time, the forecast was for an under-spend across all areas equivalent to three per cent of the total budget in 2000-01. The Finance Minister made this a key priority in her budget statement at that time, and set a target of reducing the under-spend to one per cent of the budget. This target appears to have been achieved with Edwina Hart able to announce in November 2002 that over 99 per cent of the Assembly's budget in 2001-02 was spent according to plan.