



Llywodraeth Cynulliad Cymru  
Welsh Assembly Government

Dear Colleague

The Ministers for Business and Budget and Social Justice and Local Government and the Chair and Chief Executive of the Wales Council for Voluntary Action (WCVA) met recently and are writing a joint letter, with the Minister for Health and Social Services, about the process to set the Welsh Assembly Budget for 2011/12, and the implications for the Third Sector.

The Welsh Assembly Government and the WCVA appreciate that this is a worrying and challenging time for the sector and that communication, dialogue and forward planning are essential, since the Third Sector has an important role in delivering services, as well as advocating for those in need.

### ***Timescales***

The proposed timetable for next year's budget is:

- On 20 October 2010 the UK Government will announce how much money the Welsh Assembly Government will have for the next four years (as well as the implications for UK Government Departments and the Scottish and Northern Ireland Governments).
- The Welsh Assembly Government will publish its Draft Budget as soon as possible thereafter. A formal date has not yet been set for its publication, but it is highly likely that the Draft Budget will be available in mid November.
- The Draft Budget will then be scrutinised and submitted for final approval by the National Assembly for Wales. It is expected that final approval will be confirmed in late January or early February 2011.

The UK Government's Comprehensive Spending Review will set out spending intentions for the next four years. We recognise the importance of longer term agreements, as set out in the Welsh Assembly Government's Code of Practice for Funding the Third Sector. Welsh Ministers will ensure that the Third Sector receives indicative allocations over the same period as the Welsh Assembly Government's Final Budget.

Many Third Sector organisations are funded by local authorities, Local Health Boards or other public sector bodies who will not be able to finalise their own budgets until after the Welsh Assembly Government Final Budget is approved; though the Draft Budget published in mid November will give a clear direction as to what the Final Budget will contain. This may delay final funding decisions until

late in the financial year. Ministers will ensure that organisations funded directly by the Welsh Assembly Government are given as much notice as is possible of any significant change to their funding with the aim that such organisations have a reasonable time to adjust to any changed circumstances. The Welsh Assembly Government will encourage local authorities and other public bodies to do likewise.

### ***Planning Assumptions***

The Welsh Assembly Government is using planning assumptions, over the next four years, of an average year-on-year reduction of 3% revenue and 10% capital. Planning on the basis of these assumptions is ongoing, but there will only be final clarity on the total available for the Welsh Assembly Government's Budget on 20 October.

The Welsh Assembly Government is committed to protecting spending on schools, skills, aspects of health and universal services (free swimming, concessionary fares, free prescriptions, free school milk, free school breakfasts etc.)

The Cabinet will assess the impact of the range of Ministerial budgetary decisions on the Third Sector. This is additional to information that the Cabinet is requesting on the impact of Welsh Assembly Government budgetary decisions on EU match funding, local authority finance and child poverty.

However it will be for each Minister to allocate resources according to their own priorities within his or her departmental budget.

### ***Achieving efficiencies***

All organisations within Wales which receive public funding are being actively encouraged to plan with the above year-on-year reductions in mind, and to institute clear internal cost-saving measures around travel, stationery, restricting recruitment and other issues. Additionally, all public services are being asked to collaborate on services, appointments and back-office functions. We are also aware of and support approaches in the Third Sector which transform service delivery and achieve savings through greater joint working, and are looking at many of these through the Efficiency and Innovation programme.

We recognise that it will not be possible to achieve inflationary increases in grants and that this will need to lead to wage restraint. For example WCVA will not be increasing salaries for the next three years, except for the lowest paid, and will look for other savings in its operating costs.

## ***Engaging with the Third Sector***

The Welsh Assembly Government Ministers and the Chair and Chief Executive of the WCVA are committed to ensuring that there is active engagement between the Welsh Assembly Government and the Third Sector in planning, at all levels, in advance of the difficult financial times ahead and will do all that can be done to make this happen.

We are also aware of emerging examples of good practice of engagement with the Third Sector by other public bodies. For example, Caerphilly County Borough Council is seeking proposals from the Third Sector on:

- where the Council could reduce expenditure;
- areas of waste that could be put to better use;
- ways of co-ordinating Council work with the Third Sector to reduce bureaucracy; and
- where functions could be undertaken by the sector.

These discussions are being facilitated by Gwent Association of Voluntary Organisations (GAVO), the county voluntary council for Caerphilly. We welcome such development, and will encourage its replication across Wales.

In conclusion, we are keen to promote dialogue on the emerging budget and will be inviting you to a number of events which we will joint promote and publicise. We will make every effort to use the structures that we already have in place, e.g. Third Sector Partnership Council, bi-annual ministerial meetings with the Third Sector etc. In the meantime, you are advised to speak to your normal funding contact within Government, the county voluntary council for your area and/or WCVA if you wish to discuss the issues outlined in this letter.

Yours sincerely



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Justice and Local Government  
Welsh Assembly  
Government



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