

Spending Round 2013 and Investing in Britain's Future – Briefing Note

June 2013

The purpose of this briefing, thanks to Voluntary Sector North West, is to provide details from the Spending Round 2013 and from Investing in Britain's Future (27 June 2013) focusing on:

- Specific voluntary, community and social enterprise (VCSE) measures
- Economy relating to the VCS
- Health and social care highlights from the Spending Round 2013
- Further welfare reform news.

Spending Round 2013 and Investing in Britain's Future

Today's Spending Round 2013 identified a further £11.5 billion of savings across Departments for 2015. NHS, schools and foreign aid protected. This briefing includes details from the Spending Round 2013 and from Investing in Britain's Future (27 June 2013).

Specific voluntary, community and social enterprise (VCSE) measures

Main points specifically for the sector include:

- There will be a funding cut of 5 percent for community sports, arts groups and museums. Museums will have greater freedom to generate income.
- Continued funding of £56 million in 2015/16 to support Government programmes, which encourage social action and help VCSE organisations play a bigger role in communities and public services.
- Increasing funding to support the continued growth of the National Citizens Service: 90,000 places in 2014/15; 120,000 places in 2015/16 and 150,000 places in 2016/17.

- Commitments to make Gift Aid easier via a Charity Research Support Fund.
- The continuing cuts to local government will inevitably mean further cuts and further, even more rapid. Service reform that will impact heavily on the local voluntary and community sector.

Economy

Redirecting Departmental Spending has happened but not in the way proposed by the Heseltine Review. Although, there will be a £2billion funding per years for LEPs to bid for in the Single Growth Fund this is far short of the £49billion local growth funding. A timid response perhaps, but this still marks a significant shift towards LEPs.

The Spending Round and in Investing in Britain’s Future (27 June 2013) confirmed that there will be:

- A Single Local Growth Fund (SLGF) with over £2billion of budgets from skills, housing and transport budgets for 2015-16 (see table below).
- The government is looking to encourage the selling off of £5billion local public land and property assets.
- LEPs will be asked to develop multi-year strategic plans, bringing together funding proposals from the SLGF with plans for EU Structural and Investment Funds, and details of leveraged funding from local authorities and the wider public and private sector. There plans will cover 2015-16 to 2020-21 and ensure that everyone with an interest in a local area is driving in the same direction.
- An outline of potential LEP budget is included in the annex to this briefing.

The Government will publish guidance on the strategic plans and the Growth Deals process by the summer.

Funding announced at Spending Review for the Single Local Growth Fund

	£million 2015-16
Local Authority Transport Majors	819
Local Sustainable Transport Fund	100
Integrated Transport Block	200
Further Education Capital	330
ESF Skills Match Funding	170
New Homes Bonus	400
Total	2019
Of which, capital	1449

There are question marks over how much of this funding will be usable to and appeal to LEPs.

However, Departmental Spending has instead been redirected in vast, almost monumental sums, towards national-level capital spending that will amount to £300billion from 2015 to 2020 including:

- £100billion economic infrastructure spending.
- Capital expenditure (£48.3billion), across Departments, will be maintained in 2015/16. This includes £9.5billion in the UK's transport networks (road and rail).

The additional savings and redirected Department Spending is expected to mean an additional 144,000 public sector job losses and restrictions in public sector wages.

There will be a major reform of apprenticeship funding this summer looking at how to raise the quality of apprenticeships and implement the Richard Review.

There is an additional £200million funding to extend the Troubled Families initiative to include a further 400,000 families. The initial target was 120,000 families.

Health and social care

The main highlights for health and social care are:

- Department of Health spending protected.
- Central Government funding for Local Government will be cut by 10 percent.
- Integrated health and social care services: The creation of a pooled budget of £3.8billion (from 2014) to better integrate local health (NHS) and social care (Local Government) services for older and disabled people. There will be an extra £200million in 2014 prior to this. Health and Wellbeing Boards should play a significant role in deciding how this will be achieved and there will be roles for the voluntary sector and Healthwatch in ensuring that local communities needs are not lost in the manoeuvrings between Local Authorities and Clinical Commissioning Groups around who will be delivering which service. A more integrated approach to delivering some services may also provide new opportunities

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for voluntary organisations. There will also be an expansion of access to talking therapies and improvements to response to mental health crises although no specific additional allocation of funding is mentioned.

- Social care reforms fund: A £335million fund for councils, in 2015/16, in order to prepare for social care funding reforms which will include the introduction of a cap on care costs from April 2016 (no-one will face unlimited care costs) and a universal offer of deferred payment agreements from April 2015 (won't have to sell your house in your lifetime to pay for residential care).

Further welfare reforms

New welfare cap on Annually Managed Expenditure (AME): From April 2015, there will be a four year cap. The Office for Budget Responsibility (OBR) will issue a public warning if AME spending is heading towards the cap. The Government (of the time) will then either curb spending or openly ask for and justify an increase in the cap. This was described as "putting a limit on the Government's credit card" and will make AME spending more responsible to Parliament. A number of benefits will be capped, but critically not the basic and additional state pension, including Disability Benefits and tax credits.

Out of works benefit payments service

- Seven day period from unemployment before eligible for benefits.
- Claimants required to be prepared (e.g. have a CV) to search for jobs right from the start.
- Claimants to speak or learn to speak English.
- Lone parents who are not working to prepare for work once youngest child turns three (linked to childcare funding).

Annex: Resources under the influence of LEPs and City Deals (2012 to 2021)

Resources already announced	Amount, £ million	Description
Growing places fund	730	The Growing Places Fund was created in 2011 to provide a revolving fund to allow LEPs to prioritise the infrastructure they need, empowering them to deliver economic priorities.
Regional Growth Fund	380	The Regional Growth Fund (RGF) supports projects and programmes using private sector investment to create growth and jobs. To date, £380million has been allocated to programmes led by LEPs and City regions. Round 4 allocations will be announced before the summer.
City Deals	489	City Deals introduced bespoke deals with cities and their LEPs to give them the powers and tools they need to drive local economic growth.
Public Works Loans Board	1,500	From 1 November 2013 LEPs will have access to cheaper borrowing through PWLB for local priority infrastructure projects up to a total of £1.5billion borrowing (excluding London).
TOTAL	3,099	

Additional resources announced in the Spending Review	Amount, £ million	Description
Single Local Growth Fund	12,114	The Single Local Growth Fund (SLGF) for the first time brings together central government's growth-related budgets and gives LEPs responsibility for spending it, on the basis of strategic plans. The SLGF will amount to over £2billion in 2015-16, and includes a further commitment for £5billion of transport funding over 2016-17 to 2020-21 to enable long term planning in priority infrastructure. The Government is also committing to maintain the SLGF at a total of at least £2billion each year in the next Parliament.
EU Structural and Investment Funds	5,300	The Government is aligning EU structural and investment funds with the Single Local Growth Fund and allocations to LEPs across England.
TOTAL ADDITIONAL FUNDS	17,414	
AGGREGATE TOTAL	20,513	

One East Midlands

One East Midlands is the regional voluntary and community sector infrastructure organisation for the East Midlands. We work to ensure that the voluntary and community sector is actively engaged with key regional bodies and other partners, from across the public, statutory, business and social enterprise sectors. We bring together organisations that support voluntary and community groups across the region to influence and shape policy, improve services and provide a point of contact at a regional level.

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