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## ACEVO Briefing £6.2bn cuts announced on 24 May 2010<sup>1</sup>

On 24 May the Government published more details on the £6.2 billion cuts to be made this year, preceding publication of its legislative programme in the Queen's Speech. ACEVO will be producing updates as more details emerge. If you are an ACEVO member and over the coming days are affected by these cuts, please let us know by emailing [nick.carey@acevo.org.uk](mailto:nick.carey@acevo.org.uk)

The £6.2 billion Government spending cuts in 2010-11 are outlined below. Implementation of many of the savings will be overseen by The Efficiency and Reform group chaired by David Laws and Francis Maude.

The Chief Secretary to the Treasury and Secretaries of State across Whitehall are also undertaking a re-examination of all spending approvals made since the 1st January 2010, to ensure that they are consistent with the Government's priorities of good value for money.

The savings are allocated as follows:

- **Cuts in Whitehall:** £170m from reductions in property costs, £120m from a recruitment freeze across the civil service for the rest of 2010-11, £95m through savings in IT spending, £1.15bn in discretionary areas like consultancy and travel costs
- **Cuts to quangos:** £600m from cutting the cost of quangos
- **Renegotiating contracts:** £1.7bn from delaying and stopping contracts and projects, including immediate negotiations to achieve cost reductions from the major suppliers to government
- **Cuts to specific spending areas:** £520m by reducing "other lower value spend" (more detail below).
- **Cuts to local government:** Local Government will make a contribution of £1.165bn through reductions to individual grants to Local Authorities. Government is also lifting restrictions on how local government spends its money, by de-ringfencing grants totalling over £1.7bn in 2010-11.
- **Cuts in Scotland, Wales and Northern Ireland:** Devolved Administrations will have the option of making savings this year or deferring their share of the savings, which totals £704m, until the next financial year.

Specific programs included in the above list include:

- £320m from reducing and then stopping government contributions to the **Child Trust Fund**. The Government intends to introduce secondary legislation to scale back Government payments due to Child Trust Funds from 1 August 2010. From that date, payments at birth will be reduced from £250 to £50 for better off families, and £500 to £100 for lower income families; and payments at age 7 stopped. The Government intends to introduce

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<sup>1</sup> All figures are from HM Treasury



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primary legislation to stop all payments from 1 January 2011. Additional contributions for disabled children will be paid this year. From 2011-12 the money used for these additional contributions will be redirected to respite care for disabled children.

- £150m from savings in the last Government's **housing pledge**, while seeking to protect social housing.
- £320m from ending elements of **employment programmes**, including ending further rollout of the Future Jobs Fund and removing recruitment subsidies from the 'Six-Month Offer'. No further bids to the Future Jobs Fund will be approved for funding. This includes bids that are currently waiting for approval (saving DWP £290m). This announcement does not affect grant letters already in operation or already sent – these will continue as normal until March 2011. Grant letters that were not able to be issued during the pre-election period can now be released, subject to clearance. Where organisations are affected by this decision, DWP will be writing to them separately to confirm next steps and to issue documentation as quickly as possible. Given the economic climate there may be some changes to the way DWP manage grants. This will be communicated in the next couple of weeks.

The savings to be made by departments are as follows:

<b>Department</b>	<b>Contributions (£m)</b>
Department for Education	670
Department for Transport	683
Communities and Local Government	780
CLG Local Government	405
Business Innovation and Skills	836
Home Office	367
Ministry of Justice	325
Law Officers' Departments	18
Foreign and Commonwealth Office	55
Department for Energy and Climate Change	85
Department for Environment Food and Rural Affairs	162
Department for Culture Media and Sport	88*
Department for Work and Pensions	535
Chancellor's Departments	451**
Cabinet Office	79
Devolved Administrations	704
<b>TOTAL</b>	<b>6,243</b>

\* includes responsibility for £27m of savings from the Olympic Delivery Authority

\*\* includes £320m of savings in Annually Managed Expenditure from reducing the Child Trust Fund

Supporting and Developing, Connecting and Representing

**Association of Chief Executives of Voluntary Organisations**

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Some areas of spending are to be protected from cuts this year, and others will benefit from savings generated being reinvested:

The Government has said that schools, 16-19 core participation funding and Sure Start funding will be protected from reductions in 2010-11, and that £500m of the £6.2bn savings will be invested in "improving Britain's growth potential and building a fairer society". In more detail:

- Schools, 16-19 core participation funding and Sure Start funding have been protected from reductions in 2010-11. "Frontline" funding to schools will be protected, and money allocated to individual school budgets for 2010-11 will not be affected by the reductions.
- Efficiency savings made within schools, Sure Start and 16-19 education "will be recycled" within their respective budgets. However, the Department for Education will still make savings of £670m from reducing "waste and quango costs" elsewhere in its budget, including £311m being removed from grants to Local Authorities for careers advice, school transport, teenage pregnancy programmes and play activities.
- £500m out of the £6.2bn of savings will be used to invest in improving Britain's growth potential and building a fairer society, including £50m of Government investment in Further Education colleges; £150m to fund 50,000 new apprenticeship places focused on small and medium enterprises; £170m to safeguard delivery of around 4,000 otherwise unfunded social rented homes; £50 million for action to tackle backdated business rates bills, including a freeze on payments for 2010-11; Barnett consequentials will be paid at the same time as Devolved Administrations make their contribution to the £6.2bn, making a total of £500m.

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