

Environment and Sustainability Committee

E&S(4)-25-12 paper 1

Welsh Government Draft Budget 2013-14 : Paper from the Deputy Minister for Agriculture, Food, Fisheries and European Programmes

Memorandum on the Business, Enterprise, Technology and Science (BETS) - Rural Affairs

Draft Budget Proposals for 2013/14 and 2014/15

Environment and Sustainability Committee – 18th October 2012

Introduction

1. This paper provides information on the BETS budget for Rural Affairs proposals as outlined in the draft budget announced on 2nd October 2012.

Summary of Budget Changes

2. In overall terms, the total BETS MEG budget allocations for the Rural Affairs Spending Programme Area for have decreased by £0.176m in 2013-14 and decreased by a further £2.9m in 2014-15, when compared to the June 2012 Supplementary Budget allocation of 2012-13, as shown in the table below.

	2012/13 Supplementary Budget £'000	Changes £'000	2013/14 Proposed Budget £'000	Changes £'000	2014/15 Indicative Plans £'000
Revenue	74,004	870	74,874	(200)	74,674
Capital	15,469	(1,046)	14,423	(2,700)	11,723
Non Cash	242	0	242	0	242
DEL	89,715	(176)	89,539	(2,900)	86,639

3. The total draft budget for 2013-14 amounts to £89.5m compared to £89.7m in 2012-13. Revenue funding has increased by £0.9m to £74.9m (+1.2%). Capital Funding has decreased by £1m to £14.4m (-6.8%). The capital budget for 2013-14 includes a specific additional allocation from reserves of £2.7m for Rural-On Line Services project.

4. The rural budgets within BETS are set out in a Draft Budget which is broadly in line with previous indicative allocations at Action level, according to the Government's strategic priorities for rural development. Budgets have been mapped to the commitments in the Programme for Government. The evidence is provided in a supplementary paper – Alignment and Delivery of Programme for Government Commitments .

Rural Spending Programme by Area

Action	Expenditure Category	2012/13 Supplementary Budget £'000	Change	2013/14 Proposed Budget £'000	2014/15 Indicative Plans £'000
Responsibility and Costs Sharing Agenda	Revenue	20	0	20	20
	TOTAL	20	0	20	20

5. The Responsibility and Cost Sharing budget is designed to enable officials and key stakeholders in the Welsh farming industry to agree proposals for taking forward the Responsibility and Cost Sharing Agenda under the Working Smarter programme. There is no proposed change from 2012-13.

Action	Expenditure Category	2012/13 Supplementary Budget £'000	Change	2013/14 Proposed Budget £'000	2014/15 Indicative Plans £'000
Making Payments in accordance with EU and WAG rules	Revenue	7,355	(5)	7,350	7,350
	TOTAL	7,355	(5)	7,350	7,350

6. A key priority is to administer the CAP Single Payment Scheme (SPS) effectively. The SPS payments are 100 per cent funded by the EU, totalling some £260 million in 2012-13. If we do not meet the stringent requirements set by the European Commission for the effective management of the EU funds, there is the risk of disallowance i.e. the Welsh Government is penalised. Compared to other administrations in the UK, Wales has a good track record on compliance, and in reassuring the Commission on how we deploy EU resources.

7. There is a minor decrease of £5k in the budget to reflect administrative savings for the Single Payment Scheme.

8. Disallowance remains a live risk and, as such the budget for investment in IT systems has been protected. This is contained within the SP Administration Revenue BEL.

Action	Expenditure Category	2012/13 Supplementary Budget £'000	Change	2013/14 Proposed Budget £'000	2014/15 Indicative Plans £'000
Delivering the	Revenue	61,818	1,175	62,993	62,993

programmes within the RDP	Capital	14,269	(846)	13,423	10,723
	TOTAL	76,087	329	76,416	73,716

9. As part of the Common Agricultural Policy the delivery of the Rural Development Plan (RDP) 2007-2013 is a key priority. The Plan is worth £847m in total over the 7 year period, of which Welsh Government must contribute approximately £550m. With effect from 2012, the existing agri-environment schemes contained within the Plan were replaced by a new sustainable land management scheme, *Glastir*, to deliver on climate change, carbon/water/soil/habitat management and bio-diversity priorities. It has four elements – Glastir Entry, Glastir Advanced, Efficiency Grants and Glastir Woodland. The Glastir Entry element provides a highly accessible land management scheme which will allow far larger numbers of farmers and far greater areas of farmland to be brought under land management than was the case with Wales’ previous land schemes. The Advanced element focuses on three specific areas: soils and soil carbon management, water management and the management of biodiversity.

10. There is an increase (2014-20) in the revenue budget of £1.175m for preparatory costs for the successor RDP which cannot be funded from EU Technical Assistance under the current Plan, and a small capital reduction of £0.8m based on the requirements to deliver the plan. The capital allocation for 2013-14 includes £2.7m for the last tranche of the CRC funding of £8m to deliver the Rural-On Line Payments project.

11. Food and Farming has been aligned to sectoral delivery. The indicative revenue budget of £5m for 2013-14 has been maintained.

Action	Expenditure Category	2012/13 Supplementary Budget £'000	Change	2013/14 Proposed Budget £'000	2014/15 Indicative Plans £'000
Evidence based development for Rural Affairs	Revenue	806	0	806	806
	TOTAL	806	0	806	806

12. The funding supports the Farm Business Survey and other commissions which are used to inform policy development, monitoring and evaluation. There is no proposed change under this Action.

Action	Expenditure Category	2012/13 Supplementary Budget £'000	Change	2013/14 Proposed Budget £'000	2014/15 Indicative Plans £'000
Developing, managing	Revenue*	1,542	(100)	1,442	1,442
	Capital	1,200	(200)	1,000	1,000

and enforcing Welsh Fisheries and Aquaculture	TOTAL	2,742	(300)	2,442	2,442
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*includes non cash resource of £242k

13. Funding under this Action includes co-financing for the European Fisheries Fund as well as Welsh Government-funded activity. The small reduction shown relates to the Comprehensive Spending Review.

Action	Expenditure Category	2012/13 Supplementary Budget £'000	Change	2013/14 Proposed Budget £'000	2014/15 Indicative Plans £'000
Meeting the need of rural communities and rural proofing	Revenue	2,705	(200)	2,505	2,305
	TOTAL	2,705	(200)	2,505	2,305

14. Funding of £1.7m supports the Young Entrants Support Scheme (YESS). The scheme has considerable interest and support and the budget for the current year is fully committed. This is an important initiative which will help to address the issue of the ageing farming population.

15. There is a small decrease in the budget of £0.2m which relates to the tapering of funding from DEFRA specifically to continue the animal welfare priorities until 2015.

Impact Assessments

16. We continue to build on the work undertaken in 2012-13. The Department is rolling out a substantial programme of training on human rights and equality. It is recognised that equality considerations in budget allocations will need further development throughout the coming year and we will be focussing on full Equality Impact Assessments in preparation for the successor RDP (2014-2020).

17. BETS contributes to a number of commitments within the Welsh Government's Strategic Equality plan including:

- Work with partners to identify and address the causes of the gender, ethnicity and disability pay and employment differences;
- Tackle barrier and support disabled people so that they can live independently and exercise choice and control in their daily lives.

18. The principles of equality and diversity will continue to be embedded in future budget decisions in collaboration with all delivery partners.

19. In terms of sustainable development, we are working specifically to encourage a low-carbon, low-waste and resource-efficient economy, working closely with businesses, collaborating with key partners and preparing sector strategies. Sustainable development is a core theme running through the Rural Development Plan.

ANNEX A: BUSINESS, ENTERPRISE, TECHNOLOGY AND SCIENCE

Budget Allocations 2013/14 - 2014/15

Departmental Structure				2012/13	2013/14	2014/15		
GROUP	SPA	ACTION	BEL	BEL Name	Supp Budget £'000	Proposed Budget £'000	Indicative Plans £'000	
Rural	Rural Affairs	Cost Sharing and Responsibility Making Payments in accordance with EU and WA rules	2829	Cost Sharing & Responsibility	20	20	20	
			2274	Sheep Compensation	300	300	300	
			2786	Single Payment Schemes EU	262,681	300,000	300,000	
			2788	Single Payment Schemes EU	(262,681)	(300,000)	(300,000)	
			2790	SP Administration	7,055	7,050	7,050	
						7,355	7,350	7,350
		Delivering the programmes within the Rural Development Plan	2843	RDP Axis 1 Farming Connect	2,111	2,111	2,111	
			2841	RDP General		0	0	
			2844	RDP Axis 1 - Farm Advisory Service	91	91	91	
			2845	RDP Axis 1 - PMG		0	0	
			2846	RDP Axis 1 - Supply Chain Efficiency	2,923	2,923	2,923	
			2847	RDP Axis 4 - Strategy	1,931	1,931	1,931	
			2848	RDP Axis 4 - Co-Operation	131	131	131	
			2849	RDP Axis 4 - Running Costs	300	300	300	
			2921	RDP Axis 2 - Tir Gofal	13,110	13,110	13,110	
			2922	RDP Axis 2 - Tir Cynnal	4,863	4,863	4,863	
			2923	RDP Axis 2 Tir Mynydd	411	411	411	
			2924	RDP Axis 2 - Improved Land Premium	27	27	27	

	2925	RDP Axis 1 - Catchment Sensitive Farming		0	0
	2926	RDP Axis 2 - Organic Farming	2,800	2,800	2,800
	2927	RDP Axis 2 - Other Agri- Environment Sch	4	4	4
	2928	RDP Axis 2 - FWS/FWPS	302	302	302
	2929	RDP Axis 2 - Axis 2 Review	20	20	20
	2931	RDP Technical Assistance	5,983	5,983	5,983
	2933	RDP Other Expenditure	3,474	4,649	4,649
	2871	RDP Axis 2 - All Wales Element	14,723	14,723	14,723
	2872	RDP Axis 2 - Glastir Common Land Element	3,303	3,303	3,303
	2873	RDP Axis 2 - ACRES	450	450	450
	2874	RDP Axis 2 - Glastir Woodland Creation Scheme	474	474	474
	2941	RDP Axis 3 - Diversification into Non Ag	178	178	178
	2942	RDP Axis 3 - Support for Business Creati	861	861	861
	2943	RDP Axis 3 - Encouragement of Tourism Ac	703	703	703
	2944	RDP Axis 3 - Basic Services for Economy	998	998	998
	2945	RDP Axis 3 - Village Renewal & Developme	458	458	458
	2946	RDP Axis 3 - Conservation & Upgrading of	898	898	898
	2947	RDP Axis 3 - Provision of Training & Inf	291	291	291
	2948	RDP Axis 3 - Skills Acquisition		0	0
			61,818	62,993	62,993
Evidence based development for Rural Affairs	2240	Research & Evaluation	806	806	806
Developing, managing and enforcing Welsh Fisheries and Aquaculture	2830	Fisheries Schemes	1,300	1,200	1,200
		Fisheries Schemes - Non Cash	242	242	242
Meeting the needs of rural communities and rural proofing	2794	New Farm Entrants	2,705	2,505	2,305
LA Animal Health					

		(DEFRA Funded)						
	Total Group					74,246	75,116	74,916
Departmental Structure					2012/13	2013/14	2014/15	
GROUP	SPA	ACTION	BEL	BEL Name	Supplementary	Total	Total	
Rural	Rural Affairs	Delivering the programmes within the Rural Development Plan	2841	RDP General	3900	3,053	353	
			2845	RDP Axis 1 - PMG	1,847	1,847	1,847	
			2847	RDP Axis 4 - Strategy	1,000	1,000	1,000	
			2848	RDP Axis 4 - Co-Operation	80	0	0	
			2849	RDP Axis 4 - Running Costs	120	200	200	
			2921	RDP Axis 2 - Tir Gofal	1,501	1,501	1,501	
			2871	RDP Axis 2 - All Wales Element	1,500	1,500	1,500	
			2872	RDP Axis 2 - Glastir Common Land Element	500	500	500	
			2873	RDP Axis 2 - ACRES	346	346	346	
			2871	RDP Axis 2 - Glastir Woodland Creation Scheme	340	340	340	
			2872	RDP Axis 1 - Catchment Sensitive Farming	1,000	1,000	1,000	
			2873	RDP Axis 3 - Diversification into Non Ag	200	200	200	
			2874	RDP Axis 3 - Support for Business Creati	400	400	400	
			2943	RDP Axis 3 - Encouragement of Tourism Ac	400	400	400	
			2944	RDP Axis 3 - Basic Services for Economy	250	250	250	
			2945	RDP Axis 3 - Village Renewal & Developme	165	165	165	
			2946	RDP Axis 3 - Conservation & Upgrading of	300	300	300	
			2947	RDP Axis 3 - Provision of Training & Inf	70	70	70	
			2948	RDP Axis 3 - Skills Acquisition	350	350	350	
					14,269	13,423	10,723	

	Developing, managing and enforcing Welsh Fisheries and Aquaculture	2870	Sustainable Environment	1,200	1,000	1,000
Total Group				15,469	14,423	11,723

SPA	ACTION	BEL	BEL Name	2012/13	2013/14	2014/15
				Supp Budget £'000	Proposed Budget £'000	Indicative Plans £'000
Sectors & Business	Sectors	2970	Promoting Welsh Food	5,000	5,000	5,000

SUPPLEMENTARY PAPER – ALIGNMENT AND DELIVERY OF PROGRAMME FOR GOVERNMENT COMMITMENTS

ENVIRONMENT AND SUSTAINABILITY COMMITTEE 18 OCTOBER 2012

Business, Enterprise, Technology and Science (BETS) - Rural Affairs Budget

This paper addresses the following questions raised by the Committee:

- An explanation of how commitments in the Programme for Government are provided for in the budget, and how these are aligned with the actions presented in the budget.
- Plans as to how the outcomes against those commitments will be monitored/measured against the budget.

This year, the Welsh Government has committed to increasing transparency in relation its budgets and has provided an additional table at Annex A in the draft budget documents published on 2 October that shows how Departments' actions are supporting the strategic outcomes set out in the Programme for Government (PfG).

As part of this, the attached table at Annex A for the Rural Affairs elements of BETS provides the alignment of our financial and activity plans at Action level to PfG as this presents the best level to integrate this detail. The table highlights Rural Affairs actions, PfG commitments and tracking indicators which underpin, in the main, the Chapter sub-outcomes of *a thriving rural economy and ensuring rural communities have access to faster broadband speeds and new digital services*.

It is important to note that whilst the sub-outcomes and indicators for rural broadband services are referenced in this paper, the budget for delivery is managed within the Infrastructure SPA in the BETS MEG and is therefore not reflected in the attached sheets.

Progress being made by BETS and other Departments on delivery of our commitments and monitoring of our tracking indicators is set out in Annual PfG updates, the first of which was published in May 2012. This detail will be supplemented over time with an analysis of outcomes achieved from longer-term investments.

To understand progress, macro-economic indicators are monitored. These form the wider context within which the Welsh Government will deliver its commitments. The PfG identifies the following high-level / macro indicators relevant to Rural Affairs:

- % of rural premises with access to basic broadband
- % of rural premises with access to high speed broadband
- Household incomes in rural areas
- Number of people employed and self employed in rural areas

As the PfG makes clear these high-level/macro indicators should not be considered as those indicators upon which the Welsh Government's policies alone can seek to have direct, obvious or significant influence, particularly in the short-term. The main influences on the Welsh economy in the short-term remain the state of the global economy and the monetary and fiscal policy set by the UK Government.

BETS - RURAL BUDGET ACTION MAPPED TO PROGRAMME FOR GOVERNMENT

Annex A

Budget Action	MEG	DRAFT DEL Budget 2013-14 £'000	Sub-Outcome	Chapter	Programme for Government tracking indicators	Programme for Government Commitments
Cost Sharing & Responsibility	BETS	20	A thriving rural economy	Rural Communities		Work alongside agricultural industry and DEFRA to implement all recommendations of the MacDonald review that are relevant to Wales. Take forward the Williams process to further reduce red tape and review business of government in the sector
Making Payments in accordance with EU and WAG rules	BETS	7,350	A thriving rural economy	Rural Communities	●% of Common Agricultural policy direct payments made by 1st December each year.	Continue to support those CAP payments which are essential to the viability of many farmers and communities in rural Wales
			Protecting healthy eco-systems	Environment and Sustainability	% of eligible land under Glastir agreements Hectares of agricultural land under Glastir contract	Deliver Glastir the new agri-environment scheme in support of the Natural Environment Framework
						Implement the Commons legislation to ensure the improved management of common land in Wales
Delivering the programmes within the Rural Development Plan	BETS	76,416	A thriving rural economy	Rural Communities	<ul style="list-style-type: none"> ●Monitoring and evaluation of indicators set out in the Wales Rural Development Plan ●Wales rural Observatory tri-annual surveys of households, businesses and community councils 	Continue to use the Rural Development Plan for Wales up to 2013 to provide additional funds to support economic activities. This support will be targeted to stimulate economic activity in rural communities and will include a focus on food processing and restoring the manufacturing base in rural Wales
						Represent Welsh interests and work for a CAP reform that is fair to both producers who require stable and predictable income and consumers who need high quality food at a fair price
						Seek to actively support food production and recognise the clear and important differentiation between Pillar One and Pillar Two
						Ensure that the CAP continues to underpin the financial structures that are absolutely vital for sustainable thriving rural communities
						Continue to fight for support for farmers in less favoured areas and will ensure that CAP continues to provide essential support in maintaining the fabric of life in rural communities
						Support a system that provides income support to farmers, sustains food production and encourages sustainable land management
						Through the Assembly Government's Wales rural Development plan build a brighter future for rural communities and the economy of rural Wales
						Undertake a strategic review of land use in Wales to consider changing demands for food production, natural resources and restoring eco-systems and sustainable development
						Work to diversify the rural economy
						Use public procurement imaginatively in ensuring that the needs of the small scale producer or supplier are taken into account by public service providers when issuing procurement contracts. We will seek to strengthen support for local authorities and other public bodies in shaping good practice in the benefits of buying local produce
						Invest in developing and promoting a sustainable fisheries industry under Wales European Fisheries Fund
						Review regulation and administration associated with agricultural industry. First review to be published in 2012
						Work with partners to support economic, social and environmental sustainability of Welsh uplands
Evidence based development for Rural Affairs	BETS	806	Improving public services for rural communities	Rural Communities		Examine how we can develop new models of service delivery in the deep rural areas
						Seek different ways of promoting social cohesion throughout rural and urban Wales
Meeting the needs of rural communities and rural proofing WAG actions	BETS	2,505	Improving public services for rural communities	Rural Communities	●Evaluation of effectiveness of rural proofing	

Budget Action	MEG	DRAFT DEL Budget 2013-14 £'000	Sub-Outcome	Chapter	Programme for Government tracking indicators	Programme for Government Commitments
Developing, managing and enforcing Welsh Fisheries and Aquaculture	BETS	2,442	A thriving rural economy	Rural communities		Work to ensure we have a sustainable food and fisheries industry
TOTAL		89,539				

Developing and marketing Welsh food and drink sector (now Sectors)	BETS	5,000	A thriving rural economy	Rural Communities	<ul style="list-style-type: none"> Monitoring and evaluation of support arrangements in production and marketing of Welsh food and co-operative arrangements Monitoring and evaluation of the delivery plan under the Food Strategy 	Work to diversify the rural economy
						Continue to support Welsh food producers, processors and distributors and work to strengthen food production and processing in Wales, developing the whole supply chain and investing in increasing the value of Welsh produce
						Seek to continue developing the existing high quality and variety of food produce. We will seek to build a sustainable food system which balances the challenges of food production, energy needs an environmental protection
						Use public procurement imaginatively in ensuring that the needs of the small scale producer or supplier are taken into account by public service providers when issuing procurement contracts. We will seek to strengthen support for local authorities and other public bodies in shaping good practice in the benefits of buying local produce
						Examine how the Welsh Government can apply the successful model of Hybu Cig Cymru to develop, promote and market other Welsh produce
						Continue to support the establishment of a UK Supermarket Ombudsman who will work to regulate the supply chain and ensure the sustainability of different foods and fair pricing throughout the supply chain
						Seek to diversify and strengthen the rural economy by the promotion of farmers markets, the pursuit of new markets, the growth of cooperative marketing arrangements and investment in new equipment
Work to ensure we have a sustainable food and fisheries industry						

Broadband Indicators - For information

Delivering ICT Infrastructure (Budget held in main BETS)	BETS	0	Ensuring rural communities have access to faster broadband speeds and new digital services	Rural Communities	<ul style="list-style-type: none"> Progress of the Broadband support scheme in addressing basic broadband access Progress of the Next Generation Broadband project in rolling out high 	Seek to ensure that fast broadband access is made available to rural areas
						Work with Ofcom to ensure that regulation is used as a tool to ensure that rural communities have access to faster broadband speeds and new digital services