

# **Environment and Sustainability Committee**

## **E&S(4)-25-12 paper 2**

### **Welsh Government Draft Budget 2013-14 : Paper from the Minister for Environment & Sustainable Development**

#### **Introduction**

1. This paper provides background financial information to the Committee regarding the Department for Environment & Sustainable Development spending plans as outlined within the draft budget, published on 02 October 2012.
2. Annex A gives a breakdown of the Draft Budget, by Action, and by BEL within each Action and Annex B details the budget moves being undertaken as part of this exercise.
3. In preparing the Draft Budget 2013-14 we have conducted a review of our budgets and spending plans to ensure that they are aligned to support delivery of the priorities as set out in the Programme for Government. Our spending plans reflect our commitment to social justice which aims to tackle the impacts of poverty now and prevent poverty in the future. Our flagship fuel poverty energy efficiency schemes NEST and arbed continue to tackle fuel poverty, reducing fuel bills for the most vulnerable and providing a significant boost to the green economy.
4. The Department's budget fully reflects the aim of the department which is to ensure the sustainable development of Wales, particularly through making the best possible use of our natural resources. This includes delivering sustainable outcomes that will enhance the quality of life of the citizens of Wales, now and in the future, in line with the Programme for Government. Our goal is to ensure that all our internal budgetary processes and thinking fully mainstream sustainable development as our central organising principle.
5. We will therefore continue to maximise the resources available to us through our Budget for Growth and Jobs.

## Background and Summary

6. The draft budget figures may be summarised as follows:

	<b>Baseline 2012-13 £'000</b>	<b>Draft Budget 2013-14 £'000</b>	<b>Indicative Plans 2014-15 £'000</b>
Revenue	265,183	264,455	265,856
Capital	75,369	62,311	62,267
<b>Total</b>	<b>340,522</b>	<b>326,766</b>	<b>328,123</b>

7. Compared to indicative plans for 2013-14 published in the Final Budget 2012-13, the total MEG allocation for Environment and Sustainable Development has increased by £6.773m in 2013-14 and by £4.684m in 2014-15.

	<b>Draft Budget 2013-14 £m</b>	<b>Indicative Plans 2014-15 £m</b>
<b>Revenue:</b>		
Reprofiling of Central funding to Waste Procurement	(1.300)	(1.833)
Repayment of Single Body Invest to Save funding		(1.512)
<b>Total Revenue</b>	<b>(1.300)</b>	<b>(3.345)</b>
<b>Capital:</b>		
Reprofiling of Central funding for Waste Procurement	(0.927)	(2.971)
Additional Funding for Energy Efficiency (Arbed / Nest)	5.000	5.000
Additional Funding for Flood and Coastal Erosion	4.000	6.000
<b>Total Capital</b>	<b>8.073</b>	<b>8.029</b>
<b>Total</b>	<b>6.773</b>	<b>4.684</b>

8. The following revenue and capital funding adjustments is associated with the following expenditure programmes with Budget Expenditure Lines (BEL's):

- The Manage & implement the Waste Strategy and waste procurement BEL: There is a net decrease to the revenue budget of £1.300m in 2013-14 and £1.833m in 2014-15 and a net decrease to the capital budget of £0.927m in 2013-14 and £2.971m in 2014-15. Significant economies of scale and public value are being achieved through regional consortia for procuring Waste facilities. Financial savings made by the Welsh Government are now being realised and the reprofiling of the original central funding can now be adjusted;

- Natural Resources Body BEL: There is a net decrease to the revenue budget of £1.512m. The 'Invest to Save' funding which is to be allocated to support the IT and HR infrastructure costs of developing the Single Body during 2012/13 will start to be repaid in 2014-15.

### **Capital Allocations agreed by Cabinet**

9. In July and September, Cabinet agreed adjustments to capital allocations based on the proposals submitted by Departments so that spending plans for 2013/14 would continue to support the Programme for Government, deliver a budget for Growth and Jobs which maximises capital investment in line with the priorities set out in the Wales Infrastructure Investment Plan. The additional capital allocations agreed were:
  - To improve the level of flood protection for properties across Wales capital funding has been allocated to the Flood Risk Management and Water BEL. There is an increase to the capital budget of £4m in 2013-14 and £6m in 2014-15 to pay for schemes led by Local Authorities and the Natural Resources Body that will reduce flood risk for a number of communities across Wales;
  - Investing in fuel poverty in housing is one of our investment priorities as set out in the Welsh Infrastructure Investment Plan and to support this delivery an additional £5m Capital to the Fuel Poverty programme has been allocated with a further £5m in 2014-15. This funding will be used within our current flagship schemes NEST and arbed to enable improvements to be made in the energy efficiency of 1,600 Welsh homes.

### **Programme for Government**

10. This budget settlement will enable the Welsh Government to support and deliver our commitments under the Programme for Government. We have particular accountability for ensuring delivery is on track in a number of areas within the programme - most notably in the chapters covering Growth and Sustainable Jobs (1), Welsh Homes (6), Tackling Poverty (9), Rural Communities (10) and Environment & Sustainability (11).
11. We have undertaken a recent review of my budgets in order to ensure that allocations are fully aligned to deliver the priorities set out in the Programme for Government. This has included the reprioritisation of revenue budgets. As a result of reviewing the priorities against current budget allocations, we have created two new programmes as well as a single budget for the new Natural Resources Body for Wales. These new programmes are funded from within the Living Wales Programme (the Natural Environment Framework Restructuring budget) and two new budgets have been created; Urban Environment and Natural Environment.

12. Our poorest communities in urban areas often experience the worst quality local environments with high levels of pollution and lack of access to green space. We are bringing together programmes to support wider and deeper local improvements and are specifically allocating an additional £1m (increasing to £2m in 2014-15) to the renamed Urban Environment budget which will support additional activity in this area.
13. The Natural Environment budget is a new programme for which we will provide £1m of funding during 2013-14 (increasing to £2m in 2014-15) to deliver projects which contribute to improving our ecosystems including supporting our commitments to biodiversity and taking forward priority actions which emerge from the development of the action plan for pollinators.
14. There are no other significant changes from last year's Final Budget; however there are a number of movement between actions in order to realign budgets to their relevant Actions, which have not affected spending plans.

### **Budget Priorities**

15. This draft budget will enable the Welsh Government to continue vital work to eradicate fuel poverty, manage flood risk, tackle climate change, work towards being a zero waste nation, and stimulate Wales' green economy.
16. Managing Flood risk remains a priority and we will continue to invest funding in this area so we can keep building and maintaining flood defences in areas in Wales that are most vulnerable to flooding.
17. The flood and coastal erosion risk management programme has greatly increased the support for communities at risk from flooding compared to historic levels. We have recently launched the first National Strategy for Flood and Coastal Erosion Risk Management which sets out the risks we face.
18. To improve the level of flood protection for properties across Wales the Welsh Government is investing over £140 million in flood and coastal erosion risk management over the life of this Government (£42m for 2013/14), supplemented by a further £50 million from the European Regional Development Fund.
19. We remain committed to tackling fuel poverty and we continue to protect the fuel poverty budgets through schemes such as arbed and NEST both of which help make Welsh homes more energy efficient and reduce fuel bills for the most vulnerable people in Wales. We are also protecting the energy efficiency budget which supports the Carbon Trust and Energy Savings Trust in their efforts to reduce emissions and help stimulate Wales' low carbon economy.

20. *arbed*, our domestic energy efficiency scheme, is investing in improvements to the performance of our housing stock in Wales. *arbed* will improve the energy efficiency of a minimum 4,790 homes in Wales by the end of 2015 and phase 2 which is primarily funded through the European Regional Development Fund with Welsh Government match funding will see an investment of nearly £43m over 3 years.
21. Nest/Nyth (successor to the former Home Energy Efficiency Scheme) is helping to tackle fuel poverty and is expected to help up to 15,000 households in Wales with advice and home energy improvements and we expect to invest up to £100m in this programme over 5 years from 11/12.
22. We are committed to achieve a 55% reduction on carbon emissions over 2006 levels for new housing by 2016. Our funding for 2013/14 covers sponsorship of Constructing Excellence Wales, the Wales Low Zero Carbon Hub and Building Regulations development work aimed at delivering the Programme for Government commitment to improve the emissions performance of new homes.
23. Funding is also allocated to provide for the delivery of the climate change engagement strategy to deliver the behaviour change required to reach these ambitious targets in the strategy. Cynnal Cymru, Keep Wales Tidy, Pathfinders programme are examples of funded organisations which deliver the outcomes from the strategy.
24. Our ambition is to recycle 70% of our waste by 2025 and to be a zero waste nation by 2050 and there has been significant progress on the proportion of waste that is recycled. Wales is out performing the other countries in the UK and as a whole is on track to meet the first statutory recycling target (52% in 2012/13). The Waste Procurement Programme is well advanced in developing further projects that will drive progress to meet these ambitious Zero Waste targets; funding to support these commitments is in excess of £86m for 2013/14.
25. The new Natural Resources Body for Wales will support the conditions for a more streamlined and integrated approach to environment and natural resource management. It will have a key role in protecting and managing our natural resources, helping us simplify the regulatory process. The body will continue to deliver the services of its predecessor bodies while seeking opportunities to improve and rationalise the way these services are provided and the benefits they give to society.
26. Our work to tackle bovine TB continues, and the most recent data shows a very high level of compliance with annual TB testing, which alongside other measures, works to address cattle to cattle transmission.
27. We are working within the Programme for Government commitment to take a science led approach to tackling bovine TB. We have started the badger vaccination programme within the Intensive Action Area and are

well on schedule to complete this year's vaccination work before the closed season of 1 January to 31 April 2013.

## **Legislation**

28. We plan to introduce a Sustainable Development Bill late in 2013, to take forward our Programme for Government commitment to legislate to make sustainable development the central organising principle of the Welsh Government and public bodies in Wales.
29. The Environment Bill, scheduled for 2014/15 will provide an opportunity to consolidate the complex regulatory regimes and ensure they are fit for purpose, bringing together our different management regimes into a simpler process that provides clarity for investors and communities.
30. New planning legislation will draw on the results of our current independent review of how we can improve the effectiveness of the delivery of the planning system. This provides an opportunity to introduce primary legislation which takes forward the reform agenda.
31. The Control of Dogs Bill, which is scheduled for introduction in 2013, will help deal with dogs that are out of control in public and private places.. Existing legislation focuses on certain specified breeds, whereas this Bill will be applied on the basis of a dog's behaviour, regardless of breed. However the emphasis will be on tackling irresponsible dog ownership and prevention rather than cure in the interests of the welfare of the animal.

John Griffiths  
Minister for Environment and Sustainable Development

ENVIRONMENT AND SUSTAINABLE DEVELOPMENT MAIN EXPENDITURE GROUP (MEG)												
SPA	Actions	Budget Expenditure Line (BEL)	BEL	Division	2012-13 Suppl Budget June 2012	2013-14 Indicative Plans Final Budget Nov 2011	2013-14 Changes	2013-14 New Plans Draft Budget	2014-15 Indicative Plans Final Budget Nov 2011	2014-15 Changes	2014-15 New Plans Draft Budget	Comments
<b>REVENUE BUDGET - Departmental Expenditure Limit</b>					<b>£000's</b>							
<b>Climate Change and Sustainability</b>	Develop and deliver overarching policy and programmes on sustainable development and environment	Environment Legislation and Governance	2812	Sponsorship	190	181		181	181		181	
		SD Engagement	2810	People & Environment	740	776	-80	696	776	-80	696	Re-align budget into SD Policy BEL 2811
		SD Policy	2811	SD,Climate Change & NRP	80	0	80	80	0	80	80	Budget Re-aligned from SD Engagement BEL 2810
		<b>Sub Total</b>			<b>1,010</b>	<b>957</b>	<b>0</b>	<b>957</b>	<b>957</b>	<b>0</b>	<b>957</b>	
	Develop and implement climate change, emission prevention and fuel povert policy, communications, legislation and regulation	Climate Change Policy	2815	SD,Climate Change & NRP	410	0	410	410	0	410	410	
		Fuel Poverty Programme	1270	People & Environment	3,450	3,450		3,450	3,450		3,450	1. £120k transferred from BEL 2816 to BEL 2230 to fund Water policy. 2. £410K transferred from BEL 2816 to 2815 - Budgets realigned.
		Climate Change Action	2816		2,576	2,986	-530	2,456	2,986	-530	2,456	
		Energy Efficiency Programmes	3771	5,300	5,300		5,300	5,300		5,300		
	Construction Unit	1261	Building Regulations	824	784		784	784		784		
		<b>Sub Total</b>			<b>12,560</b>	<b>12,520</b>	<b>-120</b>	<b>12,400</b>	<b>12,520</b>	<b>-120</b>	<b>12,400</b>	
	Develop and implement flood and coastal risk, water and sewage policy and legislation	Flood Risk Management & Water	2230	Energy, Water & Flood	21,161	27,278	120	27,398	27,278	120	27,398	£120k transferred from BEL2816 to BEL 2230 to fund Water policy.
		<b>Sub Total</b>			<b>21,161</b>	<b>27,278</b>	<b>120</b>	<b>27,398</b>	<b>27,278</b>	<b>120</b>	<b>27,398</b>	
	Facilitate clean and secure energy and industry investment	Radioactivity & pollution prevention	2817	People & Environment	540	480		480	480		480	
		Clean energy	3770	Energy, Water & Flood	600	600		600	600		600	
		<b>Sub Total</b>			<b>1,140</b>	<b>1,080</b>	<b>0</b>	<b>1,080</b>	<b>1,080</b>	<b>0</b>	<b>1,080</b>	
Manage and implement the Waste Strategy and waste procurement	Manage and implement the Waste Strategy and waste procurement	2190	Resource Efficiency	79,984	79,283	-1,300	77,983	83,583	-1,833	81,750	Transfer out to Central Reserves Action in respect of Waste Management Programme	
	Waste regulation	2194		0	0	300	300	0	300	300	Moved from 'Manage & implement environmental improvement' Action	
	<b>Sub Total</b>			<b>79,984</b>	<b>79,283</b>	<b>-1,000</b>	<b>78,283</b>	<b>83,583</b>	<b>-1,533</b>	<b>82,050</b>		
<b>Total Climate Change and Sustainability</b>					<b>115,855</b>	<b>121,118</b>	<b>-1,000</b>	<b>120,118</b>	<b>125,418</b>	<b>-1,533</b>	<b>123,885</b>	
<b>Environment</b>	Deliver nature conservation and marine policies	Sustainable Development Fund Grant	2823	Land, Nature, Forestry & Marine	350	350		350	350		350	Transfer £692k from BEL 2824 to BEL 2490 re SDF
		Environmental Mgt support funding	2824		1,325	2,017	-692	1,325	2,017	-692	1,325	
		Natural Environment	2825		0	0	1,000	1,000	0	2,000	2,000	New BEL funding to include Ecosystems Resilience and Diversity Fund (ERDF) through the Countryside Council for Wales (CCW). Funding transferred from NEF BEL 2495
		<b>Sub Total</b>			<b>1,675</b>	<b>2,367</b>	<b>308</b>	<b>2,675</b>	<b>2,367</b>	<b>1,308</b>	<b>3,675</b>	
	Develop an appropriate evidence base	Environment Research and Evaluation	2819	Land, Nature, Forestry & Marine	874	832	-832	0	832	-832	0	Redundant Action. Move BEL to 'Developing an appropriate evidence base to support the work of the department' under the Evidence SPA
		<b>Sub Total</b>			<b>874</b>	<b>832</b>	<b>-832</b>	<b>0</b>	<b>832</b>	<b>-832</b>	<b>0</b>	
	Manage and implement Environmental improvement	Urban Environment	2191	People & Environment	2,900	2,900	1,000	3,900	2,900	2,000	4,900	Action name changed; BEL name changed from LEQ & KWT, funding transferred from NEF: BEL 2495
Waste regulation		2194	Resource Efficiency	300	300	-300	0	300	-300	0	Moved to 'Manage & implement the Waste Strategy & waste procurement' Action	
<b>Sub Total</b>				<b>3,200</b>	<b>3,200</b>	<b>700</b>	<b>3,900</b>	<b>3,200</b>	<b>1,700</b>	<b>4,900</b>		



ENVIRONMENT AND SUSTAINABLE DEVELOPMENT MAIN EXPENDITURE GROUP (MEG)												
SPA	Actions	Budget Expenditure Line (BEL)	BEL	Division	2012-13 Suppl Budget June 2012	2013-14 Indicative Plans Final Budget Nov 2011	2013-14 Changes	2013-14 New Plans Draft Budget	2014-15 Indicative Plans Final Budget Nov 2011	2014-15 Changes	2014-15 New Plans Draft Budget	Comments
Climate Change and Sustainability	Develop and deliver overarching policy and programmes on sustainable development and environment	Local Authority General Capital Support	2782	Sponsorship	12,500	12,000		12,000	12,000		12,000	
	<b>Sub Total</b>				<b>12,500</b>	<b>12,000</b>	<b>0</b>	<b>12,000</b>	<b>12,000</b>	<b>0</b>	<b>12,000</b>	
	Develop and implement climate change, emission prevention and fuel povert policy, communications, legislation and regulation	Fuel Poverty programme	1270	People & Environment	26,317	18,577	5,000	23,577	18,577	5,000	23,577	Additional capital from Reserves
	<b>Sub Total</b>				<b>26,317</b>	<b>18,577</b>	<b>5,000</b>	<b>23,577</b>	<b>18,577</b>	<b>5,000</b>	<b>23,577</b>	
	Develop and implement flood and coastal risk, water and sewage policy and legislation	Flood Risk Management & Water	2230	Energy, Water & Flood	19,699	9,732	4,000	13,732	9,732	6,000	15,732	Additional capital from Reserves
		Local Government Flood & Coast Capital	2234		1,200	1,100		1,100	1,100		1,100	
		<b>Sub Total</b>				<b>20,899</b>	<b>10,832</b>	<b>4,000</b>	<b>14,832</b>	<b>10,832</b>	<b>6,000</b>	<b>16,832</b>
	Manage and implement the Waste Strategy and waste procurement	Regional Access Capital Fund	2190	Resource Efficiency	10,220	9,146	-927	8,219	9,146	-2,971	6,175	Transfer out to Reserves for the Waste Management Programme.
	<b>Sub Total</b>				<b>10,220</b>	<b>9,146</b>	<b>-927</b>	<b>8,219</b>	<b>9,146</b>	<b>-2,971</b>	<b>6,175</b>	
	<b>Total Climate Change and Sustainability</b>				<b>69,936</b>	<b>50,555</b>	<b>8,073</b>	<b>58,628</b>	<b>50,555</b>	<b>8,029</b>	<b>58,584</b>	
Environment	Promote protected landscapes and countryside access	National Parks	2490	Land, Nature, Forestry & Marine	350	350		350	350		350	
		Access	2494		3,250	2,500		2,500	2,500		2,500	
		<b>Sub Total</b>				<b>3,600</b>	<b>2,850</b>	<b>0</b>	<b>2,850</b>	<b>2,850</b>	<b>0</b>	<b>2,850</b>
	Sponsor and manage delivery bodies	CCW	2430	Sponsorship	2,000	1,000	-1,000	0	1,000	-1,000	0	Transfer Capital Budget to Living Wales to consolidate Single Body budgets
		Natural Resources Body	2451		0	0	795	795	0	795	795	New BEL to reflect Single Body from 01/04/2013
	<b>Sub Total</b>				<b>2,000</b>	<b>1,000</b>	<b>-205</b>	<b>795</b>	<b>1,000</b>	<b>-205</b>	<b>795</b>	
<b>Total Environment</b>				<b>5,600</b>	<b>3,850</b>	<b>-205</b>	<b>3,645</b>	<b>3,850</b>	<b>-205</b>	<b>3,645</b>		
Evidence Base	Developing an appropriate evidence base to support the work of the Department	Environment Management	2814	Land, Nature, Forestry & Marine	38	38		38	38		38	
<b>Total Evidence Base</b>					<b>38</b>	<b>38</b>	<b>0</b>	<b>38</b>	<b>38</b>	<b>0</b>	<b>38</b>	
Forestry	Implementing the new Woodland Strategy through Forestry Commission Wales	Forestry Commission Capital	2470	Land, Nature, Forestry & Marine	-205	-205	205	0	-205	205	0	This Action to be deleted: Budget moved to Living Wales BEL 2451 as part of consolidation of the Single Body budgets
<b>Total Forestry</b>					<b>-205</b>	<b>-205</b>	<b>205</b>	<b>0</b>	<b>-205</b>	<b>205</b>	<b>0</b>	
<b>Total Capital - Environment and Sustainable Development</b>					<b>75,369</b>	<b>54,238</b>	<b>8,073</b>	<b>62,311</b>	<b>54,238</b>	<b>8,029</b>	<b>62,267</b>	

ENVIRONMENT AND SUSTAINABLE DEVELOPMENT MAIN EXPENDITURE GROUP SUMMARY												
		Revenue			265,153	265,755	-1,300	264,455	269,201	-3,345	265,856	
		Capital			75,369	54,238	8,073	62,311	54,238	8,029	62,267	
<b>Total - Environment and Sustainable Development</b>					<b>340,522</b>	<b>319,993</b>	<b>6,773</b>	<b>326,766</b>	<b>323,439</b>	<b>4,684</b>	<b>328,123</b>	

## Environment &amp; Sustainability Committee

## Draft Budget Changes for 2013-14

Reason	From BEL	To BEL	Amount £m
<b>Changes to the ESD Portfolio</b>			
The cost reductions and reprofile of the Waste Management Procurement programme has resulted in this amount being transferred back into the CS&A MEG.	2190	Central Funds Revenue Capital	1.300 0.927
Additional capital allocations from Central Funds (WIIP) to fund the Flood & Coastal Erosion Risk Management scheme.	Central Funds	2230 Capital	4.000
Additional capital allocations from Central Funds (WIIP) to improving Energy Efficiency programmes.	Central Funds	1270 Capital	5.000
<b>Realignments of budgets within Portfolio</b>			
As part of the restructure in ESD during 2011-12 a new BEL was created to deal specifically with Sustainable Development policy and the resources required were transferred from the BEL that previously had responsibility for it.	2810	2811 Revenue	0.080
Also, as part of the restructure a new BEL was created to deal specifically with Climate Change policy and the resources transferred	2816	2815 Revenue	0.410
Also, as part of the restructure it was agreed that the Flood Risk Management BEL would take on responsibility for Water policy and the resources transferred.	2816	2230 Revenue	0.120

This BEL has been moved from the 'Manage and implement Environmental improvement' action to the 'Manage and implement the Waste Strategy and waste procurement' action so that both BELs dealing with Waste are within the same action.	2194	2194 Revenue	0.300
This has been transferred to account for a different way of funding the National Parks in relation to the Sustainable Development Fund. It will be paid to them as part of their GiA.	2824	2490 Revenue	0.692
A new Natural Environment BEL has been set up to deliver projects which contribute to improving our ecosystems, including supporting our commitments to biodiversity.	2495	2825 Revenue	1.000
The renamed Urban Environment BEL (previously LEQ & KWT) has been increased to deal with the effect that high level of pollution and lack of access to green space has on Wales' poorest communities.	2495	2191 Revenue	1.000
This BEL has been moved to the 'Developing an appropriate evidence base to support the work of the department' within the Evidence SPA. This brings together all the budgets dealing with research under the one action.	2819	2819 Revenue	0.832
This brings together all the budgets for CCW, EAW and FCW into one BEL for the new Single Body.	2430 2450 2470	2451 Revenue Capital	76.549 0.795