

Sustainability Committee

SC(3)-09-07 (p2): 15 November 2007

Rural Development Sub-committee report on the rural affairs Draft Budget 2008/09

Purpose

To discuss the Rural Development Sub-committee report on the rural affairs spending proposals in the Draft Budget Proposals 2008/09

Background

At its meeting on 8 November 2007, the Rural Development Sub-committee considered the spending plans in the Welsh Assembly Government Rural Affairs portfolio, which involved scrutiny of Elin Jones AM, Minister for Rural Affairs and a number of her officials.

The report at Annex A is the outcome of the Rural Development Sub-committee's scrutiny of the Draft Budget 2008/09 and outlines the main issues raised during the evidence session with the Minister, together with key recommendations to the Finance Committee.

Reports produced by a sub-committee must be submitted to its parent committee for approval and, if appropriate, laying before the Assembly. The Sustainability Committee is therefore required to approve the Rural Development Sub-committee's report on the Draft Budget 2008/09, before the report is submitted to the Finance Committee by the deadline of 19 November 2007.

Recommendation

Members are invited to agree the Rural Development Sub-committee's report on the rural affairs spending proposals in the Draft Budget Proposals 2008/09 and to submit it to the Finance Committee by 19 November 2007.

Committee Service November 2007

Annex A

Rural Development Sub-committee

Draft Report on the Rural Affairs Draft Budget for 2008/09

The Sub-committee reports to the Finance Committee as follows—

Introduction

1. The Sub-committee has considered the spending plans in the Welsh Assembly Government Rural Affairs portfolio as set out in the "Draft Budget Proposals 2008/09" and associated documents.

2. The Sub-committee's scrutiny of the "Draft Budget Proposals 2008/09" was limited to one committee meeting, due to tight deadlines within the budget process and the requirement for sub-committee reports to be agreed by the parent committee before publication. The scrutiny session took place on 8 November 2007, when the Sub-committee took evidence from Elin Jones AM, Minister for Rural Affairs, Huw Brodie, Director of the Department of Rural Affairs, Rory O'Sullivan, Head of the Countryside Policy Division, Norma Barry, Head of Food and Market Development Division, and Sian Andrews, Rural Affairs and Heritage Unit.

Issues raised in evidence

3. In taking evidence from the Minister, the Sub-committee sought clarification and further details on the following issues:

The future of the Welsh Ewe Genotyping Scheme;

Sufficiency of the level of expenditure identified in the TB Slaughter, Payments, Costs and Receipts budget expenditure line, details of any contributions made by the UK Government and availability of funding from reserves for an expected increase in demand;

Potential adequacy of the level of expenditure allocated for TB eradication, given the Assembly Government's TB eradication programme is still being developed;

Reductions in the budget expenditure line for Sheep Compensation Revenue;

The source of the monies from the current compensation packages relating to the Foot and Mouth Disease outbreak and any provision for similar compensation measures in 2008/09;

Evaluation of how the extra £1 million for marketing and promotion of Welsh products was spent;

Status of the Draft Rural Development Plan for Wales and likely approval date;

Activities included in the budget expenditure line for Research and Evaluation, including those activities that are to benefit from the increase in funding planned for 2008/09;

Lack of transparency and clarity of presentation within and across the budget expenditure lines relating to Tir Cymru;

The unspent balance on accumulated Voluntary Modulation, the timescale in which to spend it and on what it is to be spent;

Use of the increased expenditure of £6.9 million on Single Payment Administration Revenue on an upgraded Information Technology system to ensure timely and accurate payments to farmers;

Implementation, funding and development of the Young Entrant Scheme in 2010/11;

Projects funded under the Rural Communities budget expenditure line and issues surrounding Farming Connect;

Schemes funded under the Promoting Welsh Food Budget, arrangements between the Department of Economy and Transport and Department of Rural Affairs in relation to Food Industry and Support ; and

Increases in the budget expenditure line for the Forestry Commission Wales.

4. In addition, the Minister highlighted the budget implications of the rural affairs priorities contained in the One Wales agreement.

Written clarification requested

5. During the evidence session, the Minister agreed to provide the following further information, however, due to tight timescales was unable to provide it in time for the preparation of this report:

A detailed breakdown of the spending provided by DEFRA on animal health in Wales;

Clarification as to whether the current gamma-interferon testing was included within the Welsh Assembly Government or DEFRA budget;

Details of the types of projects funded through the research and evaluation budget expenditure line; and

An explanation and breakdown of the figures in the Tir Cymru budget.

Recommendations

6. Whilst the Sub-committee is generally satisfied with the content and allocation of expenditure within the Rural Affairs Draft Budget 2008/09, it is disappointed in the lack of clarity and transparency within some of the budget expenditure lines. In order to assist in effective scrutiny in future, the Sub-committee recommends that future draft budget proposals are more clearly presented and appropriate notes of explanation of the content of budget lines are provided.

7. The Sub-committee highlighted that a large proportion of the rural affairs budget stems from the Rural Development Plan (RDP) which is currently awaiting approval by the European Commission. The Sub-committee therefore recommends that contingency plans are put into place to ensure that any shortfall is covered should the EC decide not to approve the RDP in its entirety.

8. The Sub-committee is concerned that the Minister would appear to be relying on reserves from the overall budget to fund any short-term increase in slaughter numbers as a result of the expected success of the TB eradication programme. The Sub-committee therefore recommends that the levels of expenditure in the TB eradication budget should be increased in the early years of the programme to reflect the expected increase.

9. The Sub-committee expresses concern as to the basis on which levels of expenditure were allocated to the TB eradication programme, a commitment in the One Wales agreement, because of the lack of a TB eradication strategy. The Sub-committee therefore recommends that the final strategy should contain detailed costings and that the budget allocation should be revisited if the amounts allocated prove to be inadequate.

10. The Sub-committee notes that spending provided by DEFRA is not contained within the Draft Budget Proposals 2008/09 or associated documents. The Sub-committee therefore recommends that, for ease of scrutiny, a note detailing DEFRA spending within the rural affairs portfolio is provided with future draft budget proposals.