

Sustainability Committee

SC(3)-23-10 (p1): 25 November

Title: Evidence paper - Department for Environment Sustainability and Housing, Draft Budget Allocations for 2011-12.

Introduction

- 1) This paper provides background information to the Committee regarding the Department for Environment, Sustainability and Housing future programme budget proposals as outlined within the draft budget which was laid on 17 November 2010. It considers those areas covered by the remit of the Sustainability Committee.

Background

- 2) The 2011-12 Draft Budget for the Environment Sustainability and Housing (DESH) Main Expenditure Group (MEG) is £669 million. This represents a £58 million reduction from the comparative 2010-11 budget allocation. The MEG's capital budget was reduced by 12.5% and its revenue budget was reduced by 2.2%. The capital reduction is masked by the reinstatement of £40 million into the housing for affordable homes, which was brought forward from 2010-11 into earlier years to tackle the effects of the recession. When this is taken account of, the reduction in capital, is 20%. With effect from 1 April 2010, the Regeneration portfolio transferred into this MEG.
- 3) The budget reductions are all driven by the outcome of the UK government's Comprehensive Spending Review and the subsequent reduction on the budget available for the Assembly Government. The only area of protection in 2011-12 was an additional £2 million for the Supporting People programme, which is part of the housing activity. There has been no additional investment into the MEG in 2011-12. However, an additional £5.7 million and £4.9 million has been added to waste capital in 2012-13 and 2013-14 respectively. This is specifically aimed at funding new waste treatment plans, as part of our strategy of diverting waste from landfill sites.
- 4) Table one shows the overall effect on the DESH Departmental Expenditure Limit (DEL) baseline budget. This does not include Annually Managed Expenditure (AME) which is outside the Welsh Assembly Government's DEL.

Table one: summary financial allocation of capital and revenue budgets for the DESH MEG

Theme	Total 2009/10 £000s	Total 2010/11 £000s	Variance £000s	Variance %
<i>Climate Change and Sustainability</i>	186,813	173,694	13,119	7.0
<i>Environment</i>	92,231	85,498	6,733	7.3
<i>Housing</i>	430,296	404,157	26,139	6.5
<i>Regeneration</i>	84,329	69,832	14,497	17.1
<i>Planning</i>	8,074	7772	302	3.7
Grand Total	801,743	740,953	60,790	7.6

Budget Overview

- 5) The Assembly Budget Structure was revised for 2010-11. The new structure shows clearly how budgets are being used to deliver the Government's objectives. Annex one shows the published budget for the MEG, which includes the draft budget for 2011-12 and indicative budget allocations for 2012-13 and 2013-14.
- 6) Within DESH we have prioritised the budget into our strategic priorities, included in One Wales as well as protecting as far as possible those most vulnerable and in need within Wales..

Allocations

- 7) The DESH MEG is being reviewed by the both the Sustainability Committee and the Communities and Culture Committee, therefore the elements of the MEG have been split accordingly.
- 8) The Communities and Culture Committee will be reviewing elements of the MEG within; Housing Spending Area this accounts for £404 million of the budget in 2011-12 and possibly elements of the Regeneration portfolio, with has a budget of £70 million. The remainder of the MEG is that covered by the remit of the Sustainability Committee. The remaining budget this accounts for is £259 million of the 2011-12 allocation.

Key messages for the three year budget

- 9) During the three year budget setting process we considered closely the relative priorities across the Environment and Sustainability areas. The following are the key messages arising from our budget setting work:
- We are maintaining the £18.6 million capital budget for Energy Efficiency and Fuel Poverty, and the corresponding revenue budget has been kept constant £3.5 million across the three years. This represents a very small reduction of less than 1% on the 2010-11 budget;
 - Across both revenue and capital Flood Risk Management budgets, this area is being protected significantly. Whilst there is a significant reduction in capital of 47%, additional revenue funding has been allocated to the budget to almost fully compensate for this loss;
 - By prioritising within my budget areas we are investing in a robust programme to develop new building regulations, which will ensure that future buildings are designed from a sustainable viewpoint;
 - We have protected at 2010-11 budget levels the food waste revenue budgets for local authorities;
 - We have received additional allocations of £5.7 million and £4.9 million in years 2012-13 and 2013-14 respectively to support our investment in Anaerobic Digestion Waste Facilities.
 - We are confident that our capital allocation for Nature Access will allow for the Coastal Path to be completed; and
 - We are continuing to support all our current areas, with exception to the contaminated land programme.

Funding by Theme

- 10) This section gives a brief summary of the budget changes by theme. It also gives an indication what the budget covers. A more detailed allocation by budget expenditure line is shown in Annex two to this paper.

Climate Change and Sustainability

- 11) This covers tackling climate change and enhancing sustainability. It includes work on an Energy Strategy, Energy Efficiency, micro-generation, Carbon Trust, Sustainable Development, the Waste Strategy, delivering the Assembly Government's targets for reducing waste, increasing recycling rates and reducing landfill, and Flood risk management. It also supports the *One Wales* Commitments which aims to achieve annual carbon reduction-equivalent emission reductions of 3% per year by 2011 in areas of devolved competence.

Funding

- Total revenue is £117 million. This is a decrease of 1.8% compared with 2010-11 due to:
 - £2.8 million decrease in the baseline for general budget reductions; and
 - £0.7 million reallocation from across the MEG to put in place a robust budget to support a programme of work to develop new building regulations for sustainable development.

- Total capital £67.22m. This is a decrease of 16.4% and is due to a baseline reduction, with some protection prioritised across the Sustainability and Environment areas.

Environment

12) This includes funding for the Countryside Council for Wales, the Environment Agency Wales and National Parks Authorities. It includes delivery of the Assembly Government's countryside access programme and an All-Wales coastal path. It also includes delivery of the *One Wales* commitment in improving the local environment.

- **Funding**

- Total revenue is £81 million. This is a decrease of 3.7% and is due to a baseline reduction, with some protection prioritised across the Sustainability and Environment areas.
- Total capital is £4.6 million and has flat lined across the three year budget period. Overall this represents a 44% reduction due a baseline reduction, with some protection prioritised across the Sustainability and Environment areas. The £2 million contaminated land fund is being lost from this area.

Planning

13) Development and implementation of the planning system in Wales to ensure that it meets the needs of the people of Wales. This includes appeals casework, publication of planning documents, funding for Design Commission for Wales, Planning Aid Wales, local planning authorities, and planning research.

- **Funding**

- Total revenue is £7.8 million. This is a decrease of 3.7% against the 2010-11 baseline.

Jane Davidson AM
Minister for Environment Sustainability and Housing