

ENVIRONMENT, PLANNING AND TRANSPORT COMMITTEE

Date: Wednesday 13 June 2001
Time: 2.00 to 5.00 pm
Venue: Committee Room 2, National Assembly Building

BUDGET PLANNING ROUND 2001 – ISSUES PAPER

ASSEMBLY MINISTER FOR ENVIRONMENT

1. INTRODUCTION

1.1 This paper begins the Budget Planning process, which will:

- update the Strategic Plan
- set the budget for 2002-03
- set indicative budgets for 2003-04 and 2004-05.

It seeks the Committee's views on priorities for Environment, Planning and Transport (including Sustainable Development and Cadw).

2. There is no spending review this year, so the Assembly's overall budget will be based on the totals for the next two years set out in the Supplementary Budget which the Assembly approved on 29 March. Our priorities are the policies and values set out in **BetterWales** and the delivery of the programme set out in the **Partnership Agreement: Putting Wales First**.
3. Within this framework my initial view is that our priorities for budget resources should be:
 - Making progress on delivering a more integrated transport system
 - Taking forward the waste strategy
 - Implementing the Countryside and Rights of Way Act to improve access to the

countryside

- Developing the National Spatial Planning Framework
 - Ensuring that Cadw continues to deliver against its Agency targets
2. I would welcome the Committee's views on these priorities. As background, the remainder of this paper summarises the progress we have made so far and the specific challenges we face for the future.

2. PROGRESS SO FAR

1. Over the last year we have made progress on a broad range of policies, in spite of the impact of the Autumn flooding, rail disruption and more recently the foot and mouth outbreak, all of which have had an impact on our activities.
2. Annex A sets out in detail the progress we have made against the specific objectives in *BetterWales* and the *Partnership Agreement*.

2.3 Sustainable Development

During 2000-01, we have made our statutory Sustainable Development Scheme and adopted an Action Plan to put it into effect. We are now working to implement it. There is a statutory requirement on us to publish an annual report on our progress in implementing the Scheme, and we intend to produce our first report in the autumn reporting against the targets in the Plan.

Learning from good practice elsewhere is as crucial as developing good practice ourselves, for which reason we have joined with other administrations in the home countries to establish the UK's Sustainable Development Commission, and have submitted a bid to the European Commission under the ERDF 'Innovative Actions' regime to establish a good practice network between European regions and to run innovative projects here. We hope to learn from experience and innovation elsewhere to bring ourselves to the forefront of SD practice across the range of Assembly policies, whilst contributing from our own work to that of partners in the UK and Europe.

2.4 Transport

All local authorities produced Local Transport Plans in 2000. We analysed these and provided feedback to local authorities. Results have steered the Transport Grant 5-year programme

which we announced with significant support for rail infrastructure. Local Transport Plans also influenced the development of the draft Transport Framework which was issued for consultation at the end of the year, setting out the vision for the future.

We increased our support of Transport consortia and encouraged the further development of established and developing consortia to consider all Integrated Transport issues, not just the public transport ones. We reviewed bus/community transport subsidy grants and established a new subsidy scheme.

We have established a concessionary fares scheme, with free passes in 2001, and free travel for pensioners and disabled people from April 2002. All-Wales franchise proposal has been developed by the Strategic Rail Authority, with Assembly aspirations being fed into the franchise process.

PTI Cymru, the public transport information service, was established and is being developed. A draft road safety strategy has been developed.

The Trunk Road network has been managed and maintained in accordance with standards. The latest road condition survey shows 12% of the network with residual life of less than 1 year (7%), the consequence of a reduced expenditure in years prior to the Assembly. Budget increases are planned for the next two years, but there is likely to be a lag of 2-3 years before measurable improvements emerge. 90% of set milestones for new road schemes achieved (93%), although the latter programme was severely constrained by the available budget.

As a result we contributed to the Assembly's themes and values with progress made in delivering a more sustainable transport system by improvements to public transport and the development of the National Cycle Network. We have also contributed to better health and well-being through road safety improvement and support to healthy lifestyles, and to tackling social disadvantages and equal opportunities by more support for bus services and the extension of concessionary fares.

2.5 Environmental Protection

Developing the Waste Strategy for Wales has continued, and consultation on a draft is due to commence shortly. The Waste Strategy, which has been prepared in partnership with local authorities and business will contribute significantly to the Assembly's duty for sustainable development.

Funding of the Environment Agency Wales has been used to support European and domestic statutory commitments, as well as a number of Wales specific issues (such as waste and

water quality).

Sustainable development has also been supported by seeking to achieve high standards in the management of the environment.

2.6 Countryside and Nature Conservation

The Countryside Council for Wales and the National Parks fully utilised their allocated budgets (except in relation to the Tir Gofal scheme), and made good progress against their key targets.

The new Environment Development Fund has been launched in the National Parks (and more recently within AONBs) and is already making an impact in support of sustainable community projects. Experience gained will be valuable in taking the practical implementation of sustainable development across Wales.

Progress was made in implementing the Countryside Act and Rights of Way Act 2000 (including strengthening the protection and management of SSSI's, and mapping access).

A scoping study has been undertaken on better integration of coastal policies.

Improving access has contributed to tackling social disadvantage and equal opportunities. The role of the voluntary sector has also been important.

2.7 Planning

The work of the Planning Forum was successfully taken forward for incorporation in 'Planning Policy Wales', and an extensive consultation exercise on that document launched.

Work has commenced on developing a National Spatial Planning Framework, and has involved discussion with other UK and Irish administrations. The Framework will be developed to support the Assembly's duty for sustainable development.

Following extensive consultation, Minerals Planning Policy Wales has been issued, as well as revised guidance on Unitary Development Plans.

The Assembly Design Initiative was successfully launched, and draft guidance is to be issued.

The work of the Assembly's Planning Decisions Committee was fully supported by Committee Members.

2.8 Cadw

Cadw's Corporate Plan for 2001-02 was endorsed by the EPT Committee on 7 March 2001 and indicated a net programme budget of £6,350k. The annual provision has remained the same since 1995-96.

In addition, Cadw can use receipts from trading activity (in particular, admission prices to the monuments in care) to supplement this budget, and receipts normally amount to around £3,500k. Receipts grew marginally during the late 1990s, but in 2000-01 Cadw suffered like other attractions in Wales from falling visitor numbers, in part because of the high value of the pound. At the same time pressure on Cadw's budget increased due to an increasing volume of applications for historic buildings grant. Nonetheless, all but one of the thirteen Agency targets was achieved. In particular, the listing survey of Wales remains on course to be completed by the target date of 2005.

3.0 Situation Analysis and future plans and priorities

1. Sustainable Development

The sustainable development (SD) budget is intended to cover improving appraisal and review capacities; collecting basic reporting data; awareness-raising and training; supporting a Sustainable Development Panel or Forum; developing new indicators and reporting mechanisms; and developing collaboration with statutory partners. These will be taken forward as set out in the SD Action Plan. The main challenge regarding SD is not in respect of these activities but rather the process (which they are designed to facilitate) of mainstreaming of SD and other cross-cutting themes into all other Assembly activities.

The publication of a draft EU SD Strategy should raise the profile of SD in European-level policy discussions, with possible implications for a range of mainstream programmes.

EU requirements regarding Strategic Environmental Appraisal of plans and programmes will feed into the work on improving appraisal capacities. As required by plenary, a bid has been submitted to the European Commission under the ERDF 'Innovative Actions' regime.

Commitments in the SD Action Plan should be deliverable within planned provision. There could be implications for the SD budget:

- if additional commitments are made on consideration of our first statutory report; or
- as a result of the proposed compact with the Welsh Local Government Association or of other discussions with statutory partners; or
- on the back of the hoped-for success of our 'Innovative Actions bid'; or
- if we extend our work on Wales's global footprint by making new links with one or more developing countries.

3.2 Transport

We must await the result of the rail re-franchise process before determining how far the Strategic Rail Authority's plans will match our aspirations. In the short term the delay in the franchise process means there is a need to support the additional **North-South rail service** from October 2001. This is likely to require £0.5M this year and in 2002-03.

Equally, present level of support will not deliver the substantial change in quality and service provision we seek from the **bus services**. Further work is required to assess the scale and direction of support the Assembly will need to provide to achieve our aspirations.

There are also increased pressures on existing commitments that must be reconciled, for example:

- **Bus Fuel Duty Rebate** Estimated additional £2.5m required to meet bus fuel duty rebate demand.
- **Local road and bridge maintenance** The current level of expenditure is failing to maintain the local road network in a safe and cost-effective way. DETR has nearly doubled the structural maintenance allocation to English local highway authorities in recognition of this. A substantial uplift is required to address the backlog.
- **Road Haulage Modernisation Fund.** This is an initiative announced by the Chancellor in the last budget. The allocation of funds over three years is £81 million for England and £19 million for the devolved administrations, of which Wales' share is £4.8 million (£1.4/1.7/1.7 million). DETR has agreed that it can fund programmes in England from existing resources. However, budgets had already been set in Wales before this initiative was announced. Money will need to be allocated to be able to implement a programme as at present it is not covered in existing baselines.
- The Transport Grant programme faces increased demand across all modes with particular problems from **The Newport Southern Distribution Road** which is a PFI scheme. However the decision was taken to exclude the land costs from the PFI

scheme. Costs for the land will be met from Transport Grant and this is an unplanned pressure that needs to be reflected in the Transport Grant baseline figure.

- **Concessionary Fares for Over 60s Men:** The National Assembly Government is committed to ensuring that the equalisation of ages eligible for concessionary fares for men and women at 60 years will apply in Wales as well as in England. To achieve this change, primary legislation will be needed and will be introduced as soon as the parliamentary timetable allows. The additional cost, over and above the free travel scheme already to be implemented on that date (£16.2m) is expected to be up to £5m per annum from 2002-03 onwards. This will need to be added to the Local Government settlement.

Completion of the **Transport Framework** and associated strategies (such as Spatial Planning, Economic Development, Road Safety) will determine the scale of the required future transport programmes to deliver our vision for Wales. It is however already apparent that several budget provisions will fall significantly short of need defined by those programmes.

Rail Infrastructure Current difficulties of Railtrack present the distinct possibility of the Assembly having to meet a higher proportion of the costs on rail infrastructure if we want them to be delivered in the time frame. Additional infrastructure investments arising due to the Corus closures are not covered in existing baselines.

The **Road Safety Strategy** and linked programmes such as **Safe Routes to School** set very challenging targets for casualty reduction. It is especially important that Safe Routes to School bids should contribute alongside the Road Safety Grant and local authorities' own resources in developing safer communities generally. Local authorities are encouraged to integrate their Safe Route to School bids with their developing walking and cycling strategies, again with a view to generally improving the safety of the community at large.

The draft Transport Framework emphasises the need for substantial improvement in all forms of **public transport**. This will require increases in both revenue support and capital investment. It also identifies the need for a targeted **roads programme** to relieve communities from the environmental effects of traffic, provide access for economic purposes, and tackle congestion where appropriate. When the Framework is agreed later this year it will generate a trunk road programme using criteria governed by the policy set out in the Framework. It is likely that a number of schemes will be identified as meeting the required criteria ranging from those that are required to tackle congestion in the North-east and South-east regions to improving accessibility between North and South Wales, as well as to West Wales along the A40 and A477 west of St Clears. It is also likely that a number of by-passes will be identified which would improve the local environmental quality of communities straddling trunk road corridors.

However the baselines for the trunk road programme have reduced sharply over recent years

and remain depressed following last year's Comprehensive Spending Review. At present levels very few of the schemes which come out of the Transport Framework will be able to be included in the roads programme.

3.3 Environmental Protection

Environment Agency Wales There are continuing pressures on Environment Agency Wales to fund commitments in relation to new European Directives arising (a number of which are waste-related), to maintain standards and performance in line with those which the Agency is being funded for in England, and to deal with a number of specific environmental 'hot spots' in Wales. The Agency in Wales is expected to bid for additional resources in order to meet those funding pressures.

Flood and Coast Defence Following the severe weather and flooding of last Autumn, additional provision was allocated in anticipation of increased spend by operating authorities. Requests for grant for some new schemes resulting from last Autumn's storms are beginning to filter through from the operating authorities and we expect that the increased provisions will be sufficient to meet likely demands in 2001/2002 and in 2002/03. Slippage of operating authority programmes of work is inevitable: there may be some shortfall in 2003-2004 when the backlog is likely to catch up.

Review of Flood and Coast Defence Practice and Policy The review of flood and coast defence practice and policy has begun and is running in parallel with other ongoing National reviews. It is too soon to predict whether the review is likely to bring about changes that might impact on the Assembly's themes.

Waste Strategy Proposals for developing the waste strategy and to enable local authorities to adopt more sustainable way of reducing and managing waste will require significant expenditure for future years, as signalled in last year's budget round.

Consultation on the proposed new **Waste Strategy for Wales** will commence shortly. The Strategy will contribute significantly to the Assembly's statutory duty to promote sustainable development. The Assembly is funding additional research and providing substantial additional resources for local authorities over the next three years to ensure that early action is taken to meet Wales' obligations (for example under the Landfill Directive and other EC legislation), as well as to improve Wales' currently poor waste management practice.

3.4 Countryside and Nature Conservation

The Countryside Council for Wales Dealing with the Foot and Mouth outbreak has had a significant impact on the planned work programme of the Countryside Council for Wales, and a bid for extra resources in 2002-03 is likely.

The Countryside and Rights of Way Act 2000 The Countryside and Rights of Way Act 2000 placed new duties on the Assembly regarding biodiversity conservation. Enhancing the implementation of biodiversity action plans will require additional resources.

Coastal Policies We will take forward work to develop more integrated coastal policies and a new partnership of coastal interests, including funding for a project officer and related research.

3.5 Planning

Two main challenges facing planning in the next three years are to maintain the Assembly's statutory activities, and to develop an increasingly distinctive body of Welsh planning policies, including the **National Spatial Planning Framework** and finalising **Planning Policy Wales**.

In the context of developing the National Spatial Planning Framework, there will be a need to devote more resources to collaborative work on related strategies at a regional level.

A consultation draft **marine aggregates dredging policy** is currently out to consultation. This is a new and innovative approach to looking at managing and using our marine sand resources wisely, taking into account a complexity of issues and concerns, and seeking to achieve a sensible balance between economic progress, social care, and environmental responsibility.

3.6 Cadw

Pressure on Cadw's budget in 2001-02, reflecting the volume of demand for grants, prior commitments, and the likelihood that receipts will suffer as a result of the foot and mouth outbreak, has made it necessary to curtail some of the projects scheduled for the monuments in care. These cover both conservation and presentation – a new visitor centre at Caerphilly has been postponed for the moment. Irrespective of loss of receipts due to unanticipated crises, it was probable that accumulated pressure on Cadw's budget – unsupported by any increases in line with inflation over the last seven years – would by now be jeopardising Cadw's ability to sustain outputs.

Investment in the monuments in care can be postponed in the short term but not foregone, since the Assembly has a statutory duty to conserve and present them. There is also a statutory duty to extend protection to historic buildings and sites through listing and scheduling. Were budgets to remain unchanged in 2002-03, financial pressures would need to be absorbed by reducing money available to assist others in the conservation of the historic environment, principally through the historic buildings and ancient monument grant schemes.

4. Recommendation

4.1 The committee's view are invited on:

- the progress made against existing objectives
- future plans and priorities.

4.2 The Committee are invited to respond to the Finance Minister by 20 July 2001.

Sue Essex

Assembly Minister for Environment

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ANNEX A

PROGRESS REPORT ON BETTERWALES AND THE PARTNERSHIP AGREEMENT TARGETS

1. The Made in Wales Agenda – Creating a new vision for Wales

- ***We will develop a new national spatial framework for planning, setting a clear context for sustainable development and environmental quality.***

Work on preparing the National Spatial Planning Framework is underway. Methodology research has been successfully concluded, and detailed proposals for progressing the Framework drawn up.

- ***We will develop a single statement on the opportunities for sustainable development in energy, waste and clean technology.***

A draft report entitled ‘Strategic Study of Renewable Energy Resources in Wales’ has been prepared and is currently out for peer review consultation.

- ***We will set out a new transport policy, which puts the emphasis on achieving accessibility and strengthens the Assembly’s ability to support local and regional solutions.***

We have consulted on a draft Transport Framework for Wales to provide a strategic vision for the future and a context for local and regional transport solutions, including Local Transport Plans, regional transport consortia, and local schemes supported through the 5-year Transport Grant programme.

2. Partnership Agreement Commitments and BetterWales.com Targets for 2003

2.1 Better Quality of Life – Achieve high standards in the management of our environment

- **A reduction in the number of days which fall below air quality standards by developing a National Air Quality Strategy in 2000 and ensuring that local authorities introduce air quality plans, where necessary, to respond to local conditions.**

The Air Quality (Wales) Regulations 2000 were introduced to implement the objectives set out in the Strategy, and the 'Air Quality Limit Values (Wales) Regulations are currently being considered to take the process forward. Over 80% of Local Authorities in Wales have now completed the 'Review and Assessment of Air Quality' process, and those who have not yet completed have committed to a timetable to complete the process. Cardiff and Port Talbot have announced 'Air Quality Management Areas' and are currently considering how to bring about improvements to the air quality in these areas.

- **Virtually all our bathing, drinking and river water to meet existing EU quality standards and more of our beaches to achieve Blue Flag status.**

98.6% of Wales' EC identified bathing waters met European standards in 2000, and 99% of tests by Dwr Cymru of its drinking water showed compliance with statutory standards. A record number (22) of Welsh beaches received Blue flags in 2000, although this has fallen to 18 in 2001. A five year investment programme by Dwr Cymru to maintain the quality of drinking water supplies and reduce the impact of waste water discharges is proceeding.

- **Raise the quality of and access to our National Parks by launching a Sustainable Parks Scheme, by April 2000.**

The Scheme has been launched successfully in all three National Parks in Wales. Interest in the scheme has been high, and an increasing number of innovative projects are being developed.

- **Actively investigate, in consultation with the UK Government, proposals to allow for direct elections to National Park Authorities in the course of the Partnership's first year**

Preparatory work on investigating proposals for direct elections to National Parks is underway.

- **Complete Wales' contribution to the Natura 2000 network of sites of international nature conservation importance.**
Over 96% of Wales' candidate Special Areas of Conservation for the Natura 2000 network are now designated.
- **By working with the Environment Agency and other partners to have achieved national agreement on targets for flood defence, in 2000.**
High level targets for flood and coast defence have been finalised, but their issue was delayed following the Autumn 2000 flooding
- **To develop a strategy for achieving the sustainable management of waste in 2000 and implementation of the Landfill Directive, with a Welsh strategy to be produced, following consultation, in 2001-02.**
A major consultation paper will be issued shortly. Following consultation, the Assembly's views will be sought at plenary debate in the Autumn in preparation for issuing the final strategy before the end of the financial year.
- **To have assessed for listing 90% of the buildings in Wales and, by September 2000, all chapels in Wales**

By March 2001 around 70% of buildings had been assessed, and all chapels were assessed for listing by September 2000.

2.2 Better Quality of Life – Extend access to and awareness of the Welsh language, our culture, heritage, and sporting opportunities

- **130 heritage monuments in our care to be regularly open to the public**

This is observed on an on-going basis.

2.3 Better Quality of Life – Develop a better co-ordinated and sustainable transport system to support local communities and the creation of a prosperous economy.

- **For all local authorities to have local transport plans, by August 2000, and bus strategies by 2003, for more people to have ready access to facilities**

and for more people to use public transport.

Local Transport Plans have been produced, initial analysis undertaken, and feedback given to local authorities.

- **Improved local co-ordination of services through the support of integrated transport consortia.**

Support for Transport Consortia has been increased and further encouragement given to establishing and developing consortia to consider all integrated transport issues.

- **Better public and community transport for excluded groups by increasing subsidised, socially necessary, bus services by 60%, extending the bus network, ensuring free bus travel for pensioners and encouraging community transport schemes, by 2002.**

A concessionary fares scheme for pensioners and the disabled has been introduced, with free passes for local travel as from April 2001, and free travel from April 2002.

- **A better deal for Wales by developing a rail strategy, including better north-south links, and influencing franchise negotiations.**

An all-Wales franchise proposal has been developed by the Strategic Rail Authority, with significant input from the Assembly.

- **A national information service for all public transport, by April 2000.**

PTI Cymru, a national public transport information service, has been established, and is being further developed.

- **Improved road safety through our new Road Safety Strategy and developing safer neighbourhoods.**

A draft road safety strategy has been developed.

- **70% of the National Cycle Network to be completed.**

The national cycle network is continuing to be developed.

2.4 Better Simpler Government – A new national spatial development framework, linked to Assembly policies, which is updated regularly with the help of those affected

As noted before a National Spatial Planning Framework is being developed, and

detailed proposals for progressing the Framework drawn up.