

ENVIRONMENT, PLANNING AND TRANSPORT COMMITTEE

Date: Wednesday 3 July 2002
Time: 2.00 to 5.00 pm
Venue: Committee Room 3, National Assembly Building

ENVIRONMENT AGENCY WALES: REVIEW AND FORWARD LOOK**1. Introduction**

Environment Agency Wales made a real contribution towards a better Wales in 2001/02, good examples being the outstanding results from its waste enforcement work and its response to flooding emergencies. The challenges that face us are both exciting and demanding; yet we are already seeing evidence of the rewards available to those that work together to create and develop new opportunities.

2. Key achievements 2001- 02

This was a challenging year, when we delivered a demanding work programme substantially disrupted by Foot and Mouth Disease. At the 'plateau' of the crisis, which went on for months, about 50 of our people were devoted to the response on the ground, and supporting the Assembly. Overall, EAW issued more than 100 authorisations under the Groundwater Regulations for burns/burials and undertook 107 site assessments in Wales (and also 83 in England).

The Assembly's drive and financial support for waste initiatives has been repaid with considerable success. We have carried out unannounced inspections of waste sites outside office hours, detecting licence breaches leading to direct action. Our programme to tackle fly-tipping has resulted in 90 waste prosecutions, more than any region in England. Total fines for waste and waste packaging offences were £213,545, with £77,842 costs awarded. Spot checks, often as part of police operations, on those transporting waste discovered 40 unregistered carriers. We also ensured those purporting to be undertaking activities exempt from the need for a licence were acting legally by inspecting 355 such sites. Another major success was that 60% of Wales' bathing waters complied with the tighter European Guideline Standard in 2001, an all time record.

3. Vision and main challenges for the next three years

Last year we launched our vision which describes what we, together with others, can achieve to benefit the environment. This year, following consultation, we will launch a Corporate Strategy. The quinquennial review of the Agency (FMPR) recommended the revision of the Agency's Management Statement and Statutory (Section 4) Guidance. Together, these documents provide the context for the strategy.

The Section 4 guidance will contain strategic objectives for the Agency for the next five years. In order to achieve these, we intend to modernise our role as a regulator, and enhance our roles as advisors. We must be seen to be championing the environment in the context of sustainable development.

To be successful we must:

- use our powers as a catalyst for action, working closely with stakeholders and partners;
- improve our environmental reporting at all levels, and for all audiences;
- find better, faster, smarter ways of working.

The Assembly is issuing a separate Section 4 Guidance document for the Agency in Wales to complement that issued by DEFRA for England.

Our Corporate Plan Wales for 2003/04 will be published towards the end of 2002, alongside the Agency's Corporate Plan for England and Wales. Key challenges will include working in new ways to:

- continue to deliver essential core work within baseline funding;
- prepare for, and implement new EC Directives (e.g. Water Framework Directive, Landfill Directive, Agricultural Mines and Quarry Waste);
- continue to respond to the Wales Waste Strategy;
- improve the flood warning service and defences;
- boost ailing salmon fisheries and, thereby, rural economies;
- produce and implement catchment abstraction management strategies.

4. Scope to improve service delivery and make efficiency savings

The FMPR focussed attention on particular areas for improvement. Organisation, regulation, charging and flood defence were highlighted as being of strategic importance over the next 5 years. As a result, the Agency is currently restructuring to ensure a more consistent and efficient delivery of its regulatory services. Flood defence continues to be one of the Agency's highest priorities.

The review also examined the Agency's performance in relation to efficiency gains. The recommendations have led the Agency to instigate a rolling programme of strategic efficiency reviews based on Better Quality Services (BQS) principles. In order to deliver even greater efficiency gains, we have indicated to our sponsors that significant investment in our IS/IT systems and infrastructure will be required. Since staff costs account for a very significant proportion of Agency expenditure, helping them to be more efficient in this way will be a vital step forward. We are also piloting flexible working arrangements, and new systems such as electronic document management and GIS offer new opportunities to save money and natural resources, and help our customers. Moves to new accommodation at two locations will enable us to demonstrate environmental best practice and, in the case of Llandarcy, help kickstart local regeneration.

5. Current and planned shared working

We are working with partners at every level of business activity; from supporting the Assembly to develop new policies to working with local authorities to clamp down on fly-tippers. Organisations with a common goal are working together on initiatives like the Habitats Directive and the State of the Environment Report, while Arena Network offers advice to SMEs on our behalf. We have developed close working relationships with health professionals in relation to our regulatory activities, and will be working with a range of stakeholders under our Sustainable Fisheries Programme, promoting ecotourism and supporting rural economies.

6. Financial Summary

Our income and expenditure plans, based on current provisions and resources, are set out in the table below. The related targets are provided in our Corporate Plan

TABLE 1.	2001/02	2002/03	2003/04	2004/05	2005/06
	Actual	Budget	Planned	Estimate	Estimate
	£000	£000	£000	£000	£000
EXPENDITURE	22,600	23,742	24,896	25,155	25,420
Environmental Protection	37,796	43,007	42,603	43,580	43,646
Water Management 1	60,396	66,749	67,499	68,735	69,066
Total Expenditure					
INCOME	45,280	49,453	49,768	51,004	52,135
Levies, charges, other income and transfers from accounts	1,414	2,101	1,536	1,536	1,536
Assembly flood defence capital grant ²	13,702	15,195	16,195	16,195	15,395
	60,396	66,749	67,499	68,735	69,066
Assembly grant-in-aid ³					
Total Income					

Notes: 1. Water management expenditure includes figures for Flood Defence for 2003/04 to 2005/06 inclusive based on estimates not yet presented to Local Flood Defence Committees for approval.

2. Assembly flood defence capital grant income for 2002/03 is based on requirements identified in projections presented to Local Flood Defence Committees in December 2001. The extra award of £1m for Flood Defence recently agreed by the Assembly is not reflected in the above figures.

3. Grant-in-aid includes £800k for Sustainable Fisheries which is available for the three years from 2002/03. Grant-in-aid income for 2002/03 onwards does not include funds available to the Environment Agency Wales for review of existing consents under the 1994 Habitats Regulations.

80% of our income comes from charges, levies and other sources, leaving approximately 20% to come from Grant-in-Aid. Constraints on charging income

coupled with flat baseline grant-in-aid over the past few years are leading to erosion of service levels in our core work. Charging increases for 2002/03 averaged 2.5% for waste, water quality and industrial regulation. We intend to spend the additional GiA contained within the indicative budgets for 2003/04 on supporting implementation of the Wales Waste Strategy.

7. Bid for additional resources

The Agency has been in discussion with its sponsors regarding the Spending Review 2002. The Agency Wales' bid is consistent with the Agency's bid to DEFRA.

Table 2 SR2002	2003/04 (£m)	2004/05	2005/06
Computer systems & infrastructure	1.3	0.0	0.0
Flood Defence	3.2	1.2	0.9
EC Directives	1.5	0.5	0.5

In addition, our bid for special initiatives unique to Wales is summarised below.

Table 3	2003/04 (£m)	2004/05	2005/06
Wales Waste Strategy	0.5	1.0	1.5
Information Sharing - Health	0.1	0.0	0.0
S4 Guidance	0.2	0.0	0.0
Engaging with Communities	0.1	0.1	0.1
Wye Navigation	0.05	0.0	0.0
TOTAL	0.95	1.1	1.6

The bids set out above are presented as year on year increases (or otherwise) on baseline, and are additional to existing indicative budgets.

Alun Gee

Acting Director Wales 26 June 2002