

John Griffiths AC /AM
Gweinidog yr Amgylchedd a Datblygu Cynaliadwy
Minister for Environment and Sustainable Development



Llywodraeth Cymru
Welsh Government

Eich cyf/Your ref
Ein cyf/Our ref SF/JG/3066/12
Dafydd Elis-Thomas

Chair of the Environment and
Sustainability Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

14 November 2012

Dear *Dafydd,*

Thank you for your letter on 24 October commenting on a number of issues for my consideration following my attendance at the Environment and Sustainability Committee meeting on 18 October for the scrutiny of my draft budget proposals for 2013/14. I have carefully considered the points raised and offer the following for your consideration.

Natural Resources Body

You requested clarification on any savings made and outcomes delivered by the £2 million allocated in 2013-14. I can confirm that the first consultation on the arrangements for the new body made it clear that any savings made would be reinvested in improving the environment and environmental services and that there will be no further reduction in the budget through the creation of the single body over and above the repayment for the Invest to Save funding which is due to be repaid from 2014/15.

The £2 million budget provision in 2013-14 within the Natural Environment Framework Restructuring budget will be a contribution to help the new body continue its development and integration of systems, services and cultural change. It was included as a funding assumption in the business case.

In addition, during the scrutiny session further details on the green-book figure used in the business case were requested. After 1st April 2013, the Environment Agency will continue to provide at least 23 services to Natural Resources Wales (NRW) on a 'contractual basis' and will be recompensed by NRW for the provision of these services on a fully costed 'green book' basis. Roughly two thirds of these services will be provided on an on-going basis and others will be provided on a transitional basis whilst NRW fully establishes itself.

In addition, the Environment Agency will allow NRW to access its networks and software for a transitional period of between 6 months and a year followed by a period during which NRW will access these systems needed on a transitional basis as described above. This ICT provision will end by 31.3.2015.

ICT services are currently supplied to EA by Cap Gemini under a commercial contractual arrangement. Reaching agreement with EA/Cap Gemini requires detailed specification of service provision, followed by some commercial negotiation and due diligence work by both parties. This work is continuing, but it is unlikely that we will be able to provide a set of agreed costs for the various stages of service provision until after Christmas 2012.

Marine Policy

You requested to which Budget Expenditure Line (BEL) that this policy area is situated and the outcomes expected. I can confirm that the funding is under BEL 2824 'Environmental Management Support Funding' and will be continue to be used to support the following key outcomes:

- an approach to Marine Conservation Zones in Wales that supports sustainable use
- preparatory work to support marine planning in Wales
- an effective delegation of the marine licensing function from Welsh Ministers to Natural Resources Wales to ensure business continuity

I will ask my officials to ensure that the budgets and activities within the BEL regarding Marine policy are more transparent in future budgets.

Sustainable Development (SD)

In your letter you stated that you would like to see more detail of how sustainable development has influenced spending allocations.

The Programme for Government sets out the outcomes that the Government is working towards. All our policies and programmes reflect our commitment to sustainable development and I believe that this provides a better way of making decisions which lead to better outcomes. This means that we need to influence the way in which strategic decisions are made and that the allocation of budgets will play a key role in how an organisation can deliver these outcomes.

My officials have considered the impact of SD on key policy processes carefully within our SD Bill White Paper. This includes the ways in which budget plans are developed.

The Welsh Government's view is that SD principles need to influence strategic decision making processes that guide and are carried out by our budget processes. Focusing on how decisions are made rather than the decision is more likely to have a positive influence and allow greater consistency in the approach taken. It will also allow greater flexibility, so that solutions, better suited to circumstances are found, thereby avoiding unnecessary bureaucracy.

The examples in the draft budget reflect how SD has been considered as a central organising principle across the Welsh Government and what evidence there is of the work of Departments.

Resourcing of policy and legislative priorities

We have a challenging legislative programme going forward and we will wait and see the shape of the legislation before specific budgetary provision is made. There is no doubt that there will be cost implications in developing the legislative programme and the principal costs of legislation will fall on staffing costs within the departmental running costs budget. My officials are currently looking at the resource implications and will report to me in due course as to whether any further financial support is required particularly from the Government's departmental running costs budget. Any associated programme costs will be reviewed and I will allocate resources as required for this programme of work.

Linking Financial Planning with Programme for Government

One of my priorities as Minister is to ensure that my budget is aligned to deliver our Programme for Government and that it sets out the spending plans that underpin our action to deliver our vision for a sustainable Wales.

The process involved in linking these programme for government sub outcomes for which these priorities are to be measured to the current Budget Actions are complex and often cross cutting in nature and the work being carried out across government departments by our finance colleagues is ongoing. This issue is not unique to my portfolio, and that the current system linking budget actions to these sub outcomes is consistent across Welsh Government. My officials will liaise with officials from Strategic Planning, Finance and Performance in ensuring that these links are further improved and greater clarity achieved for future budgets.

Yours sincerely

A handwritten signature in black ink, appearing to read 'John Griffiths', with a long horizontal flourish extending to the right.

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