

Memorandum on the Climate Change Draft Budget Proposals for 2022-23

Climate Change, Environment and Infrastructure Committee – 20 January 2022

1.0 Strategic Context

Strategies and Policy Considerations

Climate Change considerations are key for Welsh Government across all policy areas to respond to the climate emergency and adapt to the impacts of climate change. The First Minister has been clear that Climate Change is at the heart of the Government's agenda.

On 28 October, the Welsh Government launched its Net Zero Wales plan, which sets out the next stage in our pathway (2021 to 2025) to net zero by 2050. The plan contains more than 120 government policies and proposals, covering every area from peatland restoration to active travel, and from green skills to renewable energy.

The portfolio's mission is to deliver net zero and to manage climate risk for Wales. Our statutory advisors, the Climate Change Committee (CCC), suggest that the costs to Wales of transitioning to Net Zero will be substantial (in the order of £1.4bn in 2025) and that investment in low-carbon technologies needs to increase significantly over carbon budget 2, which coincides with this Government term.

Llwybr Newydd - Wales Transport Strategy sets out a long-term vision for an accessible and sustainable transport system. It contains four high-level cross-cutting 20-year ambitions that can deliver wider benefits to people and communities, to the environment, to the economy and places, and to culture and language. These ambitions will be delivered through a set of five year priorities, targeting ways to reduce the need to travel and encourage modal shift.

It changes our approach to the way we make decisions and investments. The sustainable transport hierarchy gives priority to meeting the demand for travel by walking, cycling and public transport ahead of private motor vehicles. The investment hierarchy's focus is on measures to manage demand, make better use of existing infrastructure (including joined up planning between transport and land use), and on widening and promoting sustainable travel choices.

Preventative Spend

Our interventions across the portfolio action primary intervention, building resilience and creating the conditions to prevent future problems.

A number of measures are being delivered across the Strategic Road Network (SRN) in relation to maintenance and safety considerations. These are more fully described within the Economic Infrastructure at section 3.

Flood and coastal risk management is focused on reducing risk to life. It does so by preventing incidents of flooding and erosion which would otherwise cause damage to homes and businesses. We have improved the way we prioritise alleviation schemes to help target funding towards projects in the highest risk areas which demonstrate the most effective preventative spend.

By investing into tackling fuel poverty, we make a contribution to tackling a range of negative impacts including cold related health conditions, excess winter deaths, educational attainment of children and time off school and work due to sickness. The findings of research shows the Warm Homes Nest scheme is having a clear positive impact on the health of recipients with a reduction in the use of the NHS by those receiving energy efficiency measures through the scheme.

Evidence-based policy making

Evidence from a wide range of sources underpins our financial decisions such as published research, engagement with stakeholders, previous policy evaluations and statistics.

The evidence and scope of the appraisal undertaken during policy and programme development are assessed on the basis of risk, size and scale, existing evidence base and other factors. Feasibility studies are undertaken prior to the commencement of key projects to assess suitability in delivering against our goals, whilst gateway reviews for large projects are completed to challenge all aspects of a business case including the essential value for money assessment. Whilst the reviews are project specific, they help to build up a useful source of information for considering other projects. Internal and external audit reports can be helpful in a similar way.

We also modelled the carbon value (£/tCO₂e) of a range of individual transport policies as part of the development of Net Zero Wales - Carbon Budget 2, as well as other wider benefits using a Cost Effectiveness Indicator.

We are developing a monitoring and evaluation framework for the Wales Transport Strategy that will be used to track progress against achieving the priorities and ambitions and identify any areas where further interventions may be required to meet our targets.

Our approach to Climate Change continues to be led by evidence. We are led by the science through the work of the Inter-governmental Panel on Climate Change (IPCC) and we are advised by the Climate Change Committee (CCC). The ambition set in the Net Zero Wales Plan was informed by our own emissions calculator and we are improving our approaches to evaluating carbon impact in our policy development. The Net Zero Wales plan was accompanied by a Sustainability Appraisal and the existing policies captured within the document have all been through rigorous engagement processes, alongside our comprehensive Integrated Impact Appraisals.

These combined approaches then enable us to better target our budgets, to not only reduce carbon emissions, but also deliver on the range of wellbeing goals. We must however continually improve our approaches.

A significant number of single use items, usually made of plastic, are provided to consumers at low, or no cost, with an accompanying purchase of food or drink. These items are very small and are of low individual value, both to the end consumer and the retailer. The cost and effort of separating, cleaning and processing them for recycling is often deemed not to be worthwhile. Consequently, a high volume of these products are discarded into general waste, either by the end consumer or the retailer, or are littered. In its Programme for Government Welsh Government commits to legislate to abolish more commonly littered single use plastic items. The intention is to influence consumers so they begin to adopt more sustainable behaviours (for example using reusable products) and to prevent the subsequent environmental impacts associated with single use items.

The Resource Efficiency & Circular Economy Division is updating key elements of its evidence base for the next 18 months including:

- New compositional analysis of household waste
- Performance & Efficiency Reviews of all Local Authority Waste & Recycling Operations
- Piloting DRS operations in a number of local authorities.

Consultation with stakeholders

The Wales Transport Strategy (WTS) was developed through significant consultation and co-creation with a broad range of stakeholders, over 100 meetings were held during the development period and therefore the strategy itself strongly reflects their views. The draft budget will help us work towards delivering the policies and actions contained within. We will put people and climate change at the front and centre of our transport system and we will help Wales reach net zero, driving wider benefits across health, air quality, accessibility and the economy.

The environmental, economic and social impact of commonly littered single use plastic items has been assessed at both a European (via research undertaken by the European Commission) and national level (via Welsh Government commissioned research). We have also undertaken a full public consultation on the proposed regulatory approach and engaged with a range of stakeholders to supplement our evidence gathering process. The success of the legislation will be monitored through compliance and annual surveys of littering levels across Wales.

Well-being of Future Generations Act

My draft budget preparations shows how I have sought to reflect the framework of the Wellbeing of Future Generations Act in setting our spending priorities. We reviewed current trends and future projections and their potential impacts in the short, medium and longer term. We did this to ensure, as far as possible, that short term responses do not have longer term detrimental impacts.

For example, our Warm Homes Programme makes significant contributions across many of Welsh Government's wellbeing objectives under our National Strategy

“prosperity for all” including promoting good health and wellbeing. This is achieved through the creation of jobs and business opportunities, long term improvement of the housing stock, reducing carbon emissions and tackling fuel poverty and its range of associated negative impacts on health, wellbeing and educational attainment.

The Welsh Government is committed to safeguarding our marine environment for future generations, through the sustainable management of our natural resources. A key tool in achieving this objective is our network of Marine Protected Areas (MPAs) which cover 69% of Welsh inshore waters and 50% of all Welsh offshore waters.

The National Forest will take place over many decades, helping to tackle the climate emergency, enhancing nature recovery, providing wellbeing benefits and generating economic benefit for Wales. It will be a lasting legacy for future generations in line with the Wellbeing of Future Generations Act (2015).

LPfN funds Local Authorities and National Parks to create places for nature where people live, work and access public services. This contributes to goal for a Resilient Wales and a Healthier Wales. Action to halt and reverse the decline in nature contributes to a Globally Responsible Wales. Through its community led projects, LPfN intends to involve people and communities in the work to restore and enhance biodiversity. The Breaking Barriers fund looks to enable a more diverse range of communities to engage with nature.

The Wales Transport Strategy (WTS) is fundamentally based around the five ways of working set out in the Act and contributes to all of the goals, all objectives, projects and programmes to be delivered as a result of the strategy are therefore influenced by, and reflective of the Future Generations Act.

The Resource Efficiency and Circular Economy budget will be increased next year to support Wales' transition to a more circular economy that keeps resources in use and delivers the Beyond Recycling Strategy.

The Strategy was developed using the five ways of working and a separate Goals Assessment was published alongside the final document to demonstrate the contribution of this work to all of the seven goals.

The transition to a more circular economy is key to the delivery of key environmental outcomes – because it can significantly reduce our carbon emissions and our over-exploitation of natural resources, and help to reverse the decline in biodiversity. But crucially it can also improve economic and social outcomes. Economically, through taking a circular approach which shortens supply chains, it can improve efficiency, create employment and increase competitiveness. In terms of social benefits, shortening supply chains and reducing emissions will reduce the health impacts caused by pollution and help to more fairly distribute resources. This will also provide more opportunities for communities to come together to share resources and revitalise where we live.

Equality, Welsh language and children's rights assessment

The WTS was fully impact assessed through the integrated impact assessment process and representatives all of those groups who share protected characteristics were involved in the process both at drafting and consultation stage, this included children, older people and all of the commissioners, including the Welsh language commissioner. The WTS is therefore reflective of their views and involvement and the budget broadly delivers on the aims and objectives in the strategy.

After reviewing the key changes to budget allocations, a number of key programmes were subject to Integrated Impact Assessments covering equality, Welsh language and Children's Rights. Integrated impact assessments are mainstreamed into policy setting as well as budgetary decisions. Some examples are below;

The Warm Homes Programme will support improvements in wellbeing as better insulated homes improve educational outcomes for children, decrease mortality from respiratory illnesses, and give people a higher quality of life. By actively targeting the homes in greatest need the programme will help people from lower-socio-economic backgrounds and people with protected characteristics.

Wales is the first country in the UK, and one of only a few countries in the world, to enshrine the United Nations Convention on the Rights of the Child (UNCRC) into domestic law with the Rights of Children and Young Persons (Wales) Measure 2011.

The duties within the Measure are implemented in two stages and place duties on Welsh Ministers to:

- give balanced consideration to the rights in the UNCRC and its optional protocols when formulating or reviewing policy and legislation;
- give balanced consideration to the rights in the UNCRC when they use all their legal powers or duties.

Across my portfolio, each member of staff is required to consider how their work affects children's rights, and this process has informed the Integrated Impact Assessment. No significant impacts on children's rights have been identified in the setting of this budget.

Covid-19 Reconstruction: Challenges and Priorities

The Economic Infrastructure revenue budget has received an increase against the previous 'baseline' of circa £137m. The primary use of this funding will be to continue to support public transport services to offset the continued impact of Coronavirus on travel patterns and significant reductions in passenger fare-box. We continue to support these areas as part of our long term ambition to deliver modal shift and decarbonise the Transport sector.

The funding will be split into 3 key areas

Rail services (£72m) – This will support TfW Rail Limited in meeting its running costs whilst passenger journeys and farebox continue to be impacted by coronavirus.

Bus services BES (£28m) – As with rail this will be used to support the bus industry whilst its passenger numbers and services continue to be impacted by coronavirus.

Concessionary Fares (£37m) – This is to offset a reduction in funding available through capital budgets for supporting concessionary travel. This does not equate to an overall increase to the Concessionary Fares budget but ensures that the overall budget envelope (which is funded from both revenue and capital sources) remains consistent with previous years.

The Welsh Government's [COVID-19 Reconstruction: Challenges and Priorities](#) put the circular economy at the heart of our approach to reconstruction and this has also been reflected in our Programme for Government and more recently the Net Zero Wales Plan. Additional funding was allocated to the circular economy work within last year's budget and this funding has been retained along with an additional increase. The funding is already supporting action across Wales and going forward it will include the funding of the Programme for Government commitments to repair and re-use facilities and community recycling hubs.

Around 60 repair cafes have been set up in communities throughout Wales over the last three years and 11 Benthg Cymru sites – libraries of things – are now operational where people can borrow items we only tend to use occasionally for a nominal cost. Repair and re-use hubs have been supported in several town centres including the Repair and Reuse Centre in Buckley, The Hive in Llandrindod Wells and the recently opened Waste Not hub in Newtown. We have also been working with academic partners too including supporting the development of the Remakerspace at Cardiff University, which looks at innovative product design and materials use, to use the equipment funded by the Welsh Government to produce PPE for frontline workers. The Circular Economy Innovation Communities (CEIC) at Swansea University has also been supported to work with the public and third sectors in Wales to support them to introduce more circular practices into their work, like being more resource efficient.

The Circular Economy funding will also continue to support improved economic resilience through the shortening of supply chains, by for example taking advantage of our world class recycling and supporting businesses to use the recycled materials. The Circular Economy Fund for business has been expanded to £10million over the next three years to increase the support for these opportunities and is an example how circular economy action can deliver both economic benefit and skills opportunities in areas like resource efficiency, whilst also delivering environmental benefits crucial to tackling the climate and nature emergencies. Case studies from businesses already funded include businesses such as Capital Valley Plastics, who are producing damp proof membrane from plastic film, and Heathpak who are producing food packaging from recycled content and innovation including a partnership between Ecodek and Nextek in Wrexham to find new use for single use coffee cups which are being turned into waterproof building materials – finding value in materials which would otherwise be considered waste.

Legislation

Single use plastics

The Programme for Government commits to legislate to abolish more commonly littered single use plastic items. Specific funding has been designated to support legislative development and implementation. This includes funding for evidence gathering, communication, and awareness raising. Legislation will include banning or restricting the sale of a number of commonly littered single use plastic items and potential charges for unnecessary single use items of any material.

The Programme for Government commitment to introduce extended producer responsibility reforms will initially focus on measures to tackle packaging waste and a deposit return scheme for drink containers. This will include bringing forward legislation during 2022 using powers from the UK Environment Act 2021 to implement these measures.

Programme for Government

Economic Infrastructure directorate are directly responsible for the delivery of 36 Programme for Government commitments and contribute to a range of commitments across the Government. Core to our deliverables in transport is the implementation of the Wales Transport Strategy and the associated modal shift and Net Zero targets. The approach to the budget has been to prioritise action that maximise delivery against these two ambitions, while delivering against the Programme for Government.

The Environment Directorate is directly responsible for the delivery of 20 Programme for Government commitments and also contribute to a range of commitments across the Government. A core part of the Directorates objectives is to ensure we tackle both the Nature and Climate Emergencies and move towards a more Circular Economy. I have approached this budget to ensure I allocate budgets to prioritise these Programme for Government Commitments.

The Energy and Planning Directorate is directly responsible for the delivery of 4 Programme for Government commitments, however contribute to a range of commitments across the Government including Housing. A core part of the Directorate objectives is to reduce carbon emissions to meet the net zero commitment by 2050. I have approached this budget to ensure I allocate budgets to prioritise these Programme for Government Commitments and also our statutory duties and to maximise the economic and social value from renewable energy investment in Wales.

Biodiversity and green spaces

This investment will directly help address the Programme for Government ambition to tackle the nature and climate emergencies, enhance green spaces at all scales, whilst also ensuring we meet our existing and emerging international commitments for biodiversity.

Funding initiatives over the next three years such as the Nature Networks programme, Local Places for Nature, the National Peatlands Action programme and Natur am Byth will not only ensure that our most precious habitats and species are able to thrive, but

also help to deliver nature to wherever people live through engagement with local communities.

This funding will also help to build capacity within the sector to help deliver action on the ground benefitting not only our environment but also our health and well-being.

Responding to the climate and nature emergencies, and working with Cabinet colleagues

Climate change and the environment are at the heart of this government which is why the Climate Change Ministry has been created, bringing together the big policy areas to help Wales reach its legally binding target of reaching Net Zero by 2050.

The Transport chapter of Net Zero Wales sets out a range of policies that were developed in the context of the Wales Transport Strategy, as part of that work steps were taken to estimate the carbon impact of policies. This evidence has been used to shape spending in transport to align our expenditure to Net Zero targets.

The new 3 year Infrastructure Finance Plan includes a £1.8billion targeted investment in our response to the climate and nature crisis emergency including the national forest, biodiversity, active travel, decarbonising housing, the circular economy, renewable energy, and flooding.

Delivery of the Net Zero Wales Plan will be overseen by myself and other Ministers, including at Cabinet. Many aspects are captured as part of our Programme for Government. Delivery will be tracked by a Business Information Reporting Tool and monitored by a Cabinet sub-group.

Supporting these discussions, the senior official led Climate Change Portfolio Board provides strategic governance for the development and delivery of climate policy, taking an informed and joined up view. It is chaired by the SRO, Andrew Slade. The Board includes all areas of Welsh Government that can contribute to tackling, or are impacted by, climate change and offers opportunity to create synergies. This of course enables opportunities to ensure budgets cohere to drive the change we need, when we need it.

Decarbonisation

The majority of the costs in meeting our climate targets over the period of the second carbon budget (2021-25) will not fall directly to Government. However we do fully accept we focus our financial resources to stimulate investment from others.

Almost 40% of the total additional capital investment over this period is expected to be in the surface transport sector. This investment will predominantly be delivered by consumers, the private sector and UK Government. The Transport element of this document in section x below provides further details of Welsh Government investment.

Just under 30% of total additional investment is expected to be in buildings, with the majority of this investment going into improving energy efficiency via retrofitting and

installing low carbon heat in existing residential homes and non-residential buildings. We have a long-standing commitment to improve homes in Wales through our Welsh Housing Quality Standards and Warm Homes, Innovative Housing and Optimised Retrofit Programmes. This approach is being continued and strengthened. The Warm Homes Programme will receive £100m capital over 3 years. We will consult shortly improved targeting of this investment.

We are investing £108m per annum via the Welsh Housing Quality Standard to support social landlords to provide good quality warm social homes, to some of Wales' most vulnerable households. WHQS2 will include a focus on decarbonisation of social housing whilst WGs Optimised Retrofit programme will continue to facilitate test and learn to inform long term wider retrofit of all homes, across all tenures in Wales. On-going WHQS 2 investment from 2022 together with Optimised Retrofit Programme funding will continue to boost local prosperity through SME growth, and supply chain development.

The 1.4m homes in Wales are responsible for 27% of all energy consumed in Wales and 15% of all our demand-side Green House Gas (GHG) emissions. The retrofitting of these homes is a primary preventative measure as it seeks to improve the energy efficiency of homes to reduce their carbon emissions to help Welsh Ministers to meet legally binding carbon targets, as well as PFG commitment to decarbonise residential homes through retrofitting. Total cost of decarbonising the housing stock based on WSA estimates is circa £15bn, of which more than £10bn is for the social housing stock and for homes in fuel poverty.

Capital funding of £72m in 22-23 rising to £92m in 23-24 and 24-25 through the Residential Decarbonisation BEL will predominantly be used to support the social housing sector, through the Optimised Retrofit Programme, which will facilitate test and learn to inform long term wider retrofit of all homes, across all tenures in Wales including the development of a survey mapping on a home by home basis the optimum route to retrofit, and then undertaking the measures required to enable the decarbonisation of homes across Wales. Our ambition is to ensure that all social housing landlords participate in this scheme over the next three years so that they can integrate the decarbonisation agenda within their planned maintenance programmes.

Finally, approximately 20% of the total additional investment is expected to be in electricity supply, installing low-carbon generation, mostly in variable renewables such as wind and solar photovoltaics. We continue to invest through our Welsh Government Energy Service to stimulate community and publicly owned renewable projects. We will invest a further £65m of capital through the Welsh Government Energy Service. We are currently reviewing the service to ensure we target the funding in areas of greatest need.

The Net Zero Wales Plan puts the transition to a Circular Economy at its heart with actions for a more resource efficient Wales found across every part of the Plan from decarbonising the refuse vehicle fleet to supporting businesses to get advice on being more resource efficient. This recognises the critical link between unsustainable consumption and the climate and nature crises.

We have been undertaking more work to decarbonise the waste sector. In 2020-21, Wales achieved its highest ever recycling rate - 65.4% - avoiding over 400,000 tonnes

of CO2 emissions in that year. We have also been working with our delivery partners at Wrap Cymru to develop the evidence base highlighting the environmental and economic opportunities from a more resource efficient country.

The budget will support the continued delivery of the Beyond Recycling Strategy which will work to build on our foundational and globally leading success in recycling to transition to a more circular economy which keeps resources in use.

Higher interim emissions reduction targets for 2030 and 2040, and a net zero target for 2050 and budget allocations.

The Net Zero Wales Plan is focused on 2021-25, but looks ahead to how we will deliver longer term targets and our investment reflects that. We are targeting investment in areas where technology and supply chains exist today, such as through our public transport and active travel investments or where evidence is required to inform future investment, for example through our investment in Local Area Energy Planning and the Optimised Retrofit Programme.

Work undertaken to estimate the carbon impact of spending decisions and how this has influenced the approach to allocations

Through the budget-setting process, we sought to further understand both the whole-life direct emissions from construction, operation and decommissioning of our capital investment area, as well as anticipated indirect changes in carbon emissions from behaviour changes and supply chain impacts from the investment. These assessments are difficult and our capability is improving. However a single methodology for assessing is not established. We therefore assessed budgets against a range of methodologies, to ensure we were able to use the best data available, rather than slavishly following a single methodology:

1. We encouraged specific analysis of the carbon reductions associated with the proposed investment area, drawing on the available evidence from Wales, the rest of the UK and beyond.
2. Where available we took data from comparable projects where relevant data existed and scaled accordingly to give an indicative value for the investment area as a whole
3. Alternatively, where project-specific information was limited or of uncertain reliability, evidence assembled by the Climate Change Committee (CCC) on marginal abatement costs by type of intervention were used to help to provide indicative estimates of cost effectiveness and provide some assurance on orders of magnitude of carbon savings and costs.

Work to align the fiscal and carbon budgets

- Our investments continue to be guided by where evidence outlines the areas in which Welsh Government investment can have the greatest impact.

- Recognising it is the Net Zero Delivery Plan 2021-25 which contains the assessment of carbon impacts and actions we are taking utilising all levers at our disposal, with the role the budget to then consider funding of those actions where evidence supports the need to invest.
- We must also remain mindful that some of the biggest levers that will drive decarbonisation – for regulatory change for road vehicles – are not devolved to Wales, and remain the responsibility of the UK Government.
- We have built on the work we commissioned and published as part of the Chief Economist's Report in the 2021-22 Draft Budget package. Through the fundamental zero-based approach of general capital budgets to establish a new 10 year Wales Infrastructure Investment Strategy, we focused on better understanding the impacts of our investments on Net Zero.
- Published in our new Infrastructure Finance Plan are a range of assessments undertaken in each capital assessment area. This is aligned with the Net Zero Delivery Plan which contains further analysis on the impact of the policies and actions of Welsh Government and our partners on greenhouse gas emissions.

2.0 Budget Structure

2.1 Summary of Budget Allocations and Changes

The 2022-23 Draft Budget provides a three year spending plan for both resource and capital. The tables below provide an overview of the changes in planned resource funding compared to the prior year baseline, and details of allocations of capital budgets following a zero-based approach to capital allocations in line with the Wales Infrastructure Investment Plan. The resource budgets are compared to 2021-22 budgets as requested, with the specific Covid related allocations having been removed. Allocations for the financial years 2023-24 and 2024-25 also shown.

The Fiscal Resource budget for 2022-23 is £703.021m (not including Non-Fiscal and Annually Managed Expenditure (AME)). This represents an increase of £174m. The Non-Fiscal Resource budget remains at the level of the revised baseline of £239.121m. The AME budget has increased by £1.6m to £96.6m, providing cover for charges that are outside the control of the portfolio, such as impairments to the roads and rail networks.

An overview is provided in table 1 as follows:

TABLE 1: Overview of the Resource Budget						
	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	Change £'000	% Change	2023-24 New Plans Draft Budget £'000	2024-25 New Plans Draft Budget £'000
Fiscal Resource (Revenue)						
Economic Infrastructure	339,011	476,011	137,000	40%	439,011	439,011
Environment, Energy & Planning	185,110	222,110	37,000	20%	240,610	256,110
Delivering the Digital Strategy	4,900	4,900	0	0%	4,900	4,900
Sub Total	529,021	703,021	174,000	33%	684,521	700,021
Non Fiscal Resource (Non Cash)						
Economic Infrastructure	191,000	229,000	38,000	20%	229,000	229,000
Environment, Energy & Planning	10,121	10,121	0	0%	10,121	10,121
Delivering the Digital Strategy	-	-	0		-	-
Sub Total	201,121	239,121	38,000	19%	239,121	239,121
TOTAL	730,142	942,142	212,000	29%	923,642	939,142
AME						
TOTAL AME	94,990	96,637	1,647	2%	121,636	2,000

In the draft Budget there some targeted investments in line with Programme for Government commitments and wider Welsh Government priorities. These are described in the respective Action tables.

The total capital budget for 2022-23 is £878.5m, as summarised in Table 2 below. Allocations for 2023-24 and 2024-25 are also shown:

TABLE 2: Overview of the Capital Budget				
	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	2023-24 New Plans Draft Budget £'000	2024-25 New Plans Draft Budget £'000
Traditional Capital				
Economic Infrastructure	737,827	683,000	557,500	494,000
Environment, Energy & Planning	183,286	195,500	239,550	237,500
TOTAL	921,113	878,500	797,050	731,500

The draft budget includes allocations for traditional capital only, and not Financial Transactions capital which is due to be allocated for the Final Budget.

Resource

The cumulative movements in the baselines for the Fiscal Resource budgets are set out in Table 3 below:

TABLE 3: Resource Budget - Additional Baseline Allocations (Cumulative)				
	2022-23 £'000	2023-24 £'000	2024- 25 £'000	Total £'000
<i>Environment & Energy</i>				
Flooding	8,000	8,000	8,000	24,000
National Forest and Welsh Timber	4,000	4,000	4,000	12,000
National Park	1,000			1,000
Coal Tips	3,000	1,000	500	4,500
Renewable Energy Development	5,000	2,000	1,000	8,000
Air and Water Quality	2,000	1,500	1,000	4,500
Behavioural Change	1,500	1,000	1,000	3,500
Biodiversity and green spaces	7,000	1,000		8,000
Legislate to abolish single use plastics	500			500
Waste recycling and reuse	5,000			5,000
<i>Sub-Total</i>	37,000	18,500	15,500	71,000
<i>Economic Infrastructure</i>				
Public Transport & Concessionary Fares	137,000	(37,000)		100,000
<i>Sub-Total</i>	137,000	(37,000)	0	100,000
Total Fiscal Resource	174,000	(18,500)	15,500	171,000

Capital

Capital budgets have been allocated for a period of three years against Investment Areas as set out in Table 4 below:

TABLE 4: Capital Budget Allocations						
			2022-23 £'000	2023-24 £'000	2024-25 £'000	Total £'000
Directorate	Sector	Investment Area	£'000	£'000	£'000	£'000
Economic Infrastructure	Public Transport	Rail	400,000	150,000	35,000	585,000
Economic Infrastructure	Active & Sustainable Travel	Active Travel	60,000	80,000	80,000	220,000
Economic Infrastructure	Active & Sustainable Travel	EV Infrastructure	7,788	11,672	23,217	42,677
Economic Infrastructure	Roads	Roads	125,000	190,000	185,000	500,000
Economic Infrastructure	Roads	Road safety grants	16,500	4,000	4,000	24,500
Economic Infrastructure	Public Transport	Bus	25,000	80,000	80,000	185,000
Economic Infrastructure	Economic Development	Strategic Inf Dev	12,212	18,328	6,783	37,323
Economic Infrastructure	Economic Development	Digital/ Telecoms	15,000	-26,500	20,000	8,500
Economic Infrastructure	Active & Sustainable Travel	Local Transport Fund	17,500	40,000	50,000	107,500
Economic Infrastructure	Economic Development	Marine Energy	4,000	10,000	10,000	24,000
Economic Infrastructure		Total	683,000	557,500	494,000	1,734,500
Energy	Decarbonisation	Fuel Poverty	30,000	35,000	35,000	100,000
Energy	Decarbonisation	Welsh Government Energy Service	15,000	25,000	25,000	65,000
Environment	Circular Economy	Circular Economy	40,000	60,000	60,000	160,000
Environment	Flooding	Flood and Coastal Risk Mgt	34,000	34,000	34,000	102,000
Environment	Flooding	Coal Tip Safety	23,100	11,000	10,300	44,400
Environment	Flooding	Water Quality	10,000	15,000	15,000	40,000
Environment	Nature and Environment	National Forest	9,000	23,000	25,000	57,000
Environment	Nature and Environment	Landscapes & Outdoor Rec	5,000	5,000	5,000	15,000

Environment	Nature and Environment	Environment Grants	2,000	2,000	500	4,500
Environment	Nature and Environment	Air Quality	5,000	2,150	300	7,450
Environment	Nature and Environment	Biodiversity	20,000	25,000	25,000	70,000
		NRW	2,400	2,400	2,400	7,200
Total Environment and Energy			195,500	239,550	237,500	672,550
Total			878,500	797,050	731,500	2,407,050

The BELs that provide a full breakdown of the portfolio's revenue and capital budgets are detailed by Action in sections 3, 4 and 5.

3.0 ECONOMIC INFRASTRUCTURE – FUNDING OF ACTIONS

To support the ambitions for sustainable, modern and connected infrastructure total Economic Infrastructure funding is £1.39bn in 2022-23 (includes non-fiscal resource).

Compared to the 2021-22 final budget, there is an increase in the Fiscal Resource allocation of £137m to £476m, representing that additional £100m allocation to public transport and a further £37m to maintain the budget envelope for concessionary fares. This includes a specific additional allocation to public transport to support reduced fare boxes under the continuing Covid pandemic situation. This will provide a degree of certainty for the sector while restrictions are likely to continue and to help provide confidence to the sector.

The zero-based total capital allocations for 2022-23, 2023-24 and 2024-25 are £683m, £557m and £494m respectively. The capital allocations support continued delivery of the current National Transport Finance Plan as well as laying the ground for the successor delivery document which will be set in the context of the new Wales Transport Strategy. It is still necessary however to prioritise activity and manage budgets, to ensure that the delivery of schemes within the National Transport Finance Plan are both affordable and deliverable.

The Non Fiscal Resource budget has been increased by £38m to £229m, compared with 2021-22 Final Budget, to recognise an additional allocation for depreciation on Core Valley Lines rail infrastructure.

Economic Infrastructure	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	Change £'000	Change %	2023-24 New Plans Draft Budget £'000	2024-25 New Plans Draft Budget £'000
Fiscal Resource	339,011	476,011	137,000	40%	439,011	439,011
Non Fiscal Resource	191,000	229,000	38,000	20%	229,000	229,000
Total Resource	530,011	705,011	175,000	33%	668,011	668,011

Economic Infrastructure	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	2023-24 New Plans Draft Budget £'000	2024-25 New Plans Draft Budget £'000
Traditional Capital	737,827	683,000	557,500	494,000
TOTAL	737,827	683,000	557,500	494,000

The detailed breakdown of Actions by BEL activity is explained in the following sections.

Motorway & Trunk Road Operations

BEL	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	Change £'000	Change %	2023-24 New Plans Draft Budget £'000	2024-25 New Plans Draft Budget £'000
Network Asset Management	5,686	4,481	(1,205)	-21%	4,481	4,481
Network Operations	65,298	66,023	725	1%	66,023	66,023
Sub Total	70,984	70,504	(480)	-1%	70,504	70,504
Non Fiscal Resource						
Network Operations Non Cash	188,691	188,691	0	0	188,691	188,691
Total Resource	259,675	259,195	(480)	0%	259,195	259,195

BEL	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	2023-24 New Plans Draft Budget £'000	2024-25 New Plans Draft Budget £'000
Traditional Capital				
Network Operations	106,497	125,000	190,000	185,000
TOTAL	106,497	125,000	190,000	185,000

Welsh Ministers have a statutory duty to provide a safe and reliable Motorway and Trunk Road Network against a £17 billion asset. A capital allocation of £125m has been allocated to cover capital maintenance and to service existing major projects under construction. Maintenance budgets will need to be continually monitored to ensure that we are responsive to reactive works and prioritise capital investment where it is most needed

A transfer has been made to the sustainable and active travel line reflecting an alignment of activity previously funded under the network management BEL where there is an offset.

Road, Rail, Air and Sea Services & Investment Action

BEL	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	Change £'000	Change %	2023-24 New Plans Draft Budget £'000	2024-25 New Plans Draft Budget £'000
Aviation	2,763	5,732	2,969	107%	4,402	2,422
National Transport Infrastructure	650	0	(650)	-100%	0	0
Rail Ancillary	850	850	0	0%	850	850
Transport for Wales	185,400	254,531	69,131	37%	218,861	220,841
Sub Total	189,663	261,113	71,450	38%	224,113	224,113
Non Fiscal Resource						
Transport for Wales (non cash)	0	38,000	38,000	#DIV/0!	38,000	38,000
Total Resource	189,663	299,113	109,450	58%	262,113	262,113

BEL	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	2023-24 New Plans Draft Budget £'000	2024-25 New Plans Draft Budget £'000
Traditional Capital				
Aviation	2,000	7,212	13,328	1,783
National Transport Infrastructure	128,100	0	0	0
Transport for Wales	274,680	400,000	150,000	35,000
Marine Energy	0	4,000	10,000	10,000
TOTAL	404,780	411,212	173,328	46,783

The Aviation revenue budget of £5.732m includes provisional activities such as the Intra Wales Air Service and the rescue and recovery package for Cardiff International Airport

The Transport for Wales total budget of £654.531m delivers rail services and rail capital investment programmes.

The National Transport Infrastructure has been reduced to zero as all capital expenditure related to roads is now shown in Network Operations, which is reduced.

Strategic Infrastructure Action

BEL	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	Change £'000	Change %	2023-24 New Plans Draft Budget £'000	2024-25 New Plans Draft Budget £'000
Public Sector Broadband Aggregation	11,500	11,500	0	0%	11,500	11,500
Strategic Infrastructure Development	990	950	(40)	-4%	950	950
ICT Infrastructure Operations	1,527	1,527	0	0%	1,527	1,527
Sub Total	14,017	13,977	(40)	0%	13,977	13,977
Non Fiscal Resource						
ICT Infrastructure Operations - Non Cash	2,309	2,309	0	0%	2,309	2,309
Total Resource	16,326	16,286	(40)	0%	16,286	16,286

BEL	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	2023-24 New Plans Draft Budget £'000	2024-25 New Plans Draft Budget £'000
Traditional Capital				
Strategic Infrastructure Development	0	5,000	5,000	5,000
ICT Infrastructure Operations	26,000	15,000	(26,500)	20,000
TOTAL	26,000	20,000	(21,500)	25,000

The current Programme for Government recognises the importance of digital infrastructure and the delivery of the Welsh Government's Digital Strategy, stating:

'Critical to the delivery of this whole strategy is the underlying infrastructure. This infrastructure is the foundation on which we build good quality digital connectivity to support everything we do digitally'

The ICT Infrastructure budget supports the delivery of this strategy by providing funding to connect premises and to install and upgrade backhaul networks needed to ensure sustainable, resilient connections fit for the future.

The main areas of funding supporting this are:

- **Next Generation Access Broadband Wales** – a project to connect 39,000 premises to enable access a future proofed fibre to the premises solution enabling gigabit broadband speeds to be achieved
- **Local Broadband Fund** – a grant scheme aimed at local authorities and social enterprises to help local communities get access to fast broadband.
- **Access Broadband Cymru** – a 'last resort' grant scheme helping properties get connected with is technology agnostic

- **Local Full Fibre Network Project on Trunk Roads** - upgrade and extension scheme to fibre optic communications backbone network on trunk roads in South Wales.

The Public Sector Broadband Aggregation budget of £11.5m provides funding for a shared services digital platform delivery network that provides connectivity and digital services to the public sector in Wales. The network serves over 120 public sector organisations with approximately 5,000 connections.

The strategic development infrastructure funding of £0.950m enables commercially-focussed, innovative mechanisms which facilitate access to finance from the private sector and other partners to deliver priority investment across the portfolio for economic and transport Infrastructure. Projects include the promotion of an Integrated Travel Hub in Cardiff, upgrading Wrexham General Station the future of bus service provision in the Cardiff City Region.

Sustainable Travel Action

BEL	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	Change £'000	Change %	2023-24 New Plans Draft Budget £'000	2024-25 New Plans Draft Budget £'000
Bus Support	32,005	61,005	29,000	91%	61,005	61,005
Smartcards	1,466	0	(1,466)	-100%	0	0
Local Transport Priorities	0	0	0	#DIV/0!	0	0
Concessionary Fares	23,482	60,482	37,000	158%	60,482	60,482
Youth Discounted Travel Scheme	2,000	2,000	0	0%	2,000	2,000
Sustainable and Active Travel	630	1,930	1,300	206%	1,930	1,930
Total Resource	59,583	125,417	65,834	110%	125,417	125,417

BEL	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	2023-24 New Plans Draft Budget £'000	2024-25 New Plans Draft Budget £'000
Traditional Capital				
Bus Support	0	25,000	80,000	80,000
Smartcards	1,000	0	0	0
Local Transport Priorities	51,000	17,500	40,000	50,000
Concessionary Fares	37,000	0	0	0
Sustainable and Active Travel	104,650	67,788	91,672	103,217
TOTAL	193,650	110,288	211,672	233,217

Buses play a central role in connecting people and communities across Wales and provide access to key services. We have increased bus support to reflect the

continuing challenges of the COVID-19 pandemic. In addition allocations have been made to the sustainable and active travel line reflecting an alignment of activity previously funded under the network management BEL where there is offset. The allocation to smartcards are now included in integrated ticketing as part of our wider support for the bus industry. The concessionary fares envelope of funding is unchanged, the revenue increase shown here is to offset a reduction in funding available through capital budgets for supporting concessionary travel. This does not equate to an overall increase to the Concessionary Fares budget but ensures that the overall budget envelope (which has been funded from both revenue and capital sources) remains consistent with previous years.

In 2021/22 active travel funding was £76.65m. There is a reduction in Active Travel funding in 22/23 to £60m. We will use the short term reduction in funding to work with Local Authorities and Transport for Wales to develop a high quality, high impact pipeline of schemes to maximise the benefit from record active travel funding 23/24 and 24/25 where funding will be £80m in both years. Also included in the sustainable and active travel BEL is funding for Ultra Low Emission Vehicles (ULEV) which will be invested in the delivery of our ULEV charging strategy and action plan.

Funding for the local transport scheme is reduced in the next financial year in part reflecting a focus on implementing a reduction of speed limits to 20MPH on residential roads, this is now reflected in the road safety BEL, the other element of the reduction reflects the end of short term funding for roads resilience, further resilience schemes will be considered as part of the LTF. As per the Programme for Government commitment we will review how we spend the Local Transport Fund in future years aligned to the priorities set out in the Wales Transport Strategy.

Improve Road Safety Action

BEL	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	Change £'000	Change %	2023-24 New Plans Draft Budget £'000	2024-25 New Plans Draft Budget £'000
Road Safety	4,764	5,000	236	5%	5,000	5,000
Total Resource	4,764	5,000	236	5%	5,000	5,000

BEL	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	2023-24 New Plans Draft Budget £'000	2024-25 New Plans Draft Budget £'000
Traditional Capital				
Road Safety	6,900	16,500	4,000	4,000
TOTAL	6,900	16,500	4,000	4,000

The road safety budgets have been increased reflecting the delivery of the 20MPH speed limit on residential roads. The [Road Safety Framework for Wales](#) sets out our safety targets to 2020 and we are initiating the development of a new strategy for the years ahead based on vision zero. .

Revenue funding supports the engagement and funding of external partners in the public, private and third sectors achieve casualty reduction

3.1 Transport

How the draft budget supports the Welsh Government's transport priorities, particularly delivery of the new Wales Transport Strategy and the associated delivery plans and strategies, including how you have prioritised funding, the affordability of your priorities and any areas of concern.

In March 2021 we published Llwybr Newydd: the Wales Transport Strategy 2021. The Strategy sets a vision for an accessible, sustainable and efficient transport system that is supported by 20 year ambitions that are good for people and communities, good for the environment, good for the economy and places and supports a thriving Welsh language and culture. It focuses on three priorities:

- *The first priority is about how we manage travel demand and to bring services to people in order to reduce the need to travel.* This is not about preventing travel altogether, it is about planning ahead for better physical and digital connectivity to support access to more local services, more home and remote working. If more people can walk and cycle for everyday trips, we will reduce our dependency on cars.
- *Second priority is about more sustainable services and infrastructure.* The Strategy explains how we will allow people and goods to move easily from door-to-door by sustainable transport and how we will invest in reliable, efficient and affordable transport services that people want to use, can use and do use and in the transport infrastructure to support those services.
- *The third and final priority is about encouraging people to make the change to more sustainable transport.* Meeting our climate change targets will need people to travel differently. This means making it easier to do the right thing by making low carbon sustainable transport more attractive and more affordable, and by adopting innovations that make it easier to use.

The climate emergency is one of the biggest defining issues of our time. To meet our net zero emission target by 2050, we must act now. Not doing so will leave a greater problem to future generations. Responding to climate change requires a change in the way we travel. We need fewer cars on our roads, more people using public transport and more walking or cycling. We won't achieve that level of change unless we take people with us, listening to users and involving people in designing a transport system that works for everyone.

At the heart of the strategy was the Sustainable Travel Hierarchy, which provides a framework for meeting the demand for travel by walking, cycling and public transport

ahead of private motor vehicles, the principles of this hierarchy are fundamental to the allocation of our investment decisions.

We have announced a freeze on the development of all new road schemes as part of our efforts to reach our NetZero climate change targets. This isn't necessarily the end of road construction in Wales but it will certainly raise the bar in terms of what is justified as we plan for a future where we make better use of active travel and public transport. It can only be delivered if the limited financial resources available are used efficiently and effectively. Hence the need for this Review of both our current pipeline of roads projects and how we approach road construction decisions in future.

There is a reduction in Active Travel funding in 22/23, We will use the short term reduction in funding to work with Local Authorities and Transport for Wales to develop a high quality, high impact pipeline of schemes to maximise the benefit from record active travel funding 23/24 and 24/25. Funding will also be increased for road safety to support the roll out of a 20MPH speed limit on residential roads, this will also support the take up of active travel.

Alongside continued investment to support public transport in recover from the COVID-19 pandemic, we will continue to invest to complete the transformation of the Core Valleys Lines (CVL) and put place funding for the transition of the bus fleet to electric vehicles.

We will continue to support Cardiff Airport.

How the draft budget provides for:

The impact of, and recovery from, the Coronavirus pandemic, including support for transport providers.

The Economic Infrastructure revenue budget has received an increase against the previous 'baseline' of circa £137m. The primary use of this funding will be to continue to support public transport services to offset the continued impact of Coronavirus on travel patterns and significant reductions in passenger fare-box. We continue to support these areas as part of our long term ambition to deliver modal shift and decarbonise the Transport sector.

The funding will be split into 3 key areas:

Rail services (£72m) – This will support TfW Rail Limited in meeting its running costs whilst passenger journeys and farebox continue to be impacted by coronavirus.

Bus services BES (£28m) – As with rail this will be used to support the bus industry whilst its passenger numbers and services continue to be impacted by coronavirus.

Concessionary Fares (£37m) – This is to offset a reduction in funding available through capital budgets for supporting concessionary travel. This does not equate to an overall increase to the Concessionary Fares budget but ensures that the

overall budget envelope (which is funded from both revenue and capital sources) remains consistent with previous years

Specific allocations made in relation to Brexit to mitigate impact on transport services / sectors.

This draft budget makes no allocations specifically to mitigate the ongoing impacts of leaving the European Union. However, all our transport sectors continue to feel the consequences of the UK Government's withdrawal agreement, especially through their supply chains and workforce. This is the unfortunate new reality and operating environment we have been put into.

All of our budget allocations will have to accommodate the additional costs that transport services and infrastructure projects now face as a result of the combined disruption of Covid and border friction with the EU.

We will continue working with devolved transport services to mitigate the ongoing impact of the withdrawal agreement as far as we can, and with UK Government to press them to ensure that reserved transport sectors, especially freight, are able to keep operating as effectively as possible.

Delivery of the rail franchise.

The Wales and Borders Rail Service came into public control following the transfer of staff from KeolisAmey to TfW in February 2021 as a result of the impact of Covid 19, and the Core Valley Lines (north of Cardiff) transferring to Welsh Government ownership and control in 2020. This funding allows for the delivery of the Rail franchise by TfW on behalf of Welsh Ministers.

Delivery of the North East Wales, South West Wales and South East Wales Metros.

We will continue to invest in our metro programmes but in a way that is integrated with our core service delivery in bus, active travel and rail, therefore budgets are not separately identified. Short term focuses are completing the transformation of the CVL and investing in areas that maximised potential modal shift.

Delivery of the Welsh Government's rail infrastructure priorities.

The Core Valley Lines Transformation Programme commenced in Summer 2020 and will deliver the upgraded track, signalling and electrification work that will allow for increased and faster services to be provided improving access and connectivity to and from valley communities and Cardiff.

Welsh Government has committed £800m for new rolling stock that will provide new, faster, more comfortable trains, and allow for increased frequency of services and new routes to be established. We will complete the procurement and introduction into service of whole new fleets of trains by 2024. This will have a significant positive impact by not only encouraging a greater number of people to make a change by

use rail rather than car, but the new South Wales Metro fleet will improve the accessibility of rail by delivering level boarding across the network.

[The development of Transport for Wales – including a breakdown of TFW’s budget allocation, itemising its corporate budget alongside allocations for delivery of specific programmes.](#)

This budget makes no specific allocations to Transport for Wales outside the delivery of rail (identified above). Whilst there are programmes that we will ask Transport for Wales to deliver on our behalf, including the rail franchise and infrastructure improvements, officials are still in discussions with them about their business plan for next financial year.

That business planning process will, as usual, confirm the funding allocations available to Transport for Wales and the programmes they will deliver on our behalf. We will be looking for them to demonstrate that they are doing so as efficiently as possible and considering all opportunities for savings to maximise the impact our investment in transport services is able to have for the people of Wales.

[The recommendations of the South East Wales Transport Commission.](#)

We will continue to invest in the delivery of the South East Wales Transport Commission recommendations and the South East Wales Metro in a way that is integrated with our core service delivery in bus, active travel and rail.

[Investment in the trunk road and motorway network.](#)

There are a number of programmes being delivered across the Strategic Road Network (SRN) intended to be preventative. They include:

- Ash Dieback – Proactive measures to identify and remove diseased trees that could cause safety issues on the SRN.
- Surfacing preventative Treatments – Surface dressing treatments that extend the life of the wearing course of the carriageway, increasing maintenance intervention frequency, lowering cost and carbon.
- Community Safety Programme – proactive safety programme listening to and responding to communities’ needs to improve safety on the SRN.
- Street lighting renewal – changing lamps to LEDs to reduce costs and carbon.
- In order to future proof and prepare for the digitisation of the Strategic Road Network we are investing over £40m in delivering broadband fibre along 152km of the network.

In order to address an estimated £1bn backlog of capital maintenance across all asset types on the SRN officials have developed a Major Asset Renewal (MAR) programme which could be delivered over a 5 to 10 year period with time scales adjusted to match to availability of funding.

The programme would not only address the maintenance backlog but could also deliver many of the ambitions and priorities in the new Wales Transport Strategy particularly around road space reallocation for active travel and public transport and reducing carbon by carrying out maintenance in an efficient holistic manner, using materials with long service lives sourced locally.

This programme is currently unfunded.

Officials will continue programme development, which will be subject to independent review, whilst managing and operating a safe network. This will be achieved by focusing on prioritising essential maintenance and managing risks whilst delivering on the WTS objectives such as road space reallocation as budgets allow.

[Delivery of active travel policy – including a table detailing total and per capita allocations for active travel for 2022-23, compared with each of the preceding three years. Revenue and capital allocations should be clear and broken down by individual funding stream \(active travel fund, local transport fund, safe routes in communities etc\).](#)

The majority of the active travel budget is used for the Active Travel Fund. It has been established to enable local authorities to develop their local active travel networks which have been planned and are being revised as a result of the Active Travel Act. The aim is to achieve a mode shift from cars to active travel and enable shorter journeys to be made routinely by walking and cycling and longer trips in combination with public transport. These carbon emission free modes offer very significant health and wider societal benefits beyond their transport function.

Since the fund was introduced this has led to a growing pipeline of ambitious schemes that have now either reached or are approaching readiness for construction. Many of these have the ability to transform many people's travel choices and enable safe walking and cycling trips where these have not been possible before.

For 2021/22 the original £56.65m earmarked in the draft budget received an additional boost of £20m with the final budget, which allowed to accelerate scheme delivery and development and make more funding available for small scale improvements to ensure tangible change takes place in towns and cities across Wales.

The Active Travel Fund is complemented by the Safe Routes in Communities Grant, which focuses specifically on enabling active travel to schools, with a particular emphasis in the most recent years on the introduction of school streets, which remove traffic around schools in the morning and afternoon to encourage walking, scooting and cycling, and improve air quality and road safety.

Revenue funding is primarily used to maximise the benefits from our capital investments through supporting local authorities in planning and delivery of networks and schemes and through promoting active travel.

The allocations for the current, coming and previous three financial years are shown below. The 2021/22 budget reflects current intentions, but the final position will not be known until the end of the year.

Please note that these figures reflect specific funding identified for Active Travel activity. Other elements of active travel delivery form part of wider project costs that cannot be separately broken down, e.g. active travel provision within wider road, public transport and multi-modal schemes.

Active Travel allocations - all LA capital grants					
	18/19	19/20	20/21	21/22	22/23
Active Travel Fund	£9,031,092	£29,127,943	£25,140,454	£56,003,830	£51,000,000
Local Transport Fund	£11,267,202	£7,303,259	£896,000		
Safe Routes in Communities	£5,048,314	£5,362,121	£4,141,501	6,554,231	£5,000,000
Additional funding (Covid)			£16,205,917	£1,030,000	
SEWTC AT projects				£517,000	
Total	£25,346,608	£41,793,323	£46,383,872	£64,105,061	£56,000,000
Population*	3,138,631	3,152,879	3,169,586	3,174,970	3,184,311
Total per capita	£8.08	£13.26	£14.63	£20.19	£17.59

*mid year population estimate, June 2021 and June 2022 are based on the Office for National Statistics (ONS)' 2018-based national population projections.

Active Travel allocations - other capital funding					
	18/19	19/20	20/21	21/22	22/23
WG Trunk Road AT programme	£1,650,000	£1,650,000	£1,650,000	£3,650,000	£3,000,000
3rd party capital grants (incl. e-bike pilots, NCN enhancements)				510,000	262,000
Total	£1,650,000	£1,650,000	£1,650,000	£4,160,000	£3,262,000
Population*	3,138,631	3,152,879	3,169,586	3,174,970	3,184,311

Total per capita	£0.53	£0.52	£0.52	£1.31	£1.02
* mid year population estimate, June 2021 and June 2022 are based on the Office for National Statistics (ONS)' 2018-based national population projections.					

	Active Travel allocations - revenue				
	18/19	19/20	20/21	21/22	22/23
Active Journeys Programme	£237,000	£375,000	£375,000	£375,000	£375,000
Active Travel Fund and ATA implementation support (TfW & LAs)			£1,000,000	£1,549,000	£1,000,000
Active Travel Act implementation support (including engagement tools, mapping system, core grant, cycle training review)	£171,915	£224,446	£178,988	£135,280	£240,000
Total	£408,915	£599,446	£1,553,988	£2,059,280	£1,615,000
Population*	3,138,631	3,152,879	3,169,586	3,174,970	3,184,311
Total per capita	£0.13	£0.19	£0.49	£0.65	£0.51

* mid year population estimate, June 2021 and June 2022 are based on the Office for National Statistics (ONS)' 2018-based national population projections.

	Active Travel -all				
	18/19	19/20	20/21	21/22	22/23
Total	£27,405,523	£44,042,769	£49,587,860	£70,324,341	£60,877,000
Population*	3,138,631	3,152,879	3,169,586	3,174,970	3,184,311
Total per capita	£8.73	£13.97	£15.64	£22.15	£19.12

* mid year population estimate, June 2021 and June 2022 are based on the Office for National Statistics (ONS)' 2018-based national population projections.

Support for bus and community transport services, including a table detailing total and per capita allocations for 2022-23 compared with each of the preceding three years. Revenue and capital allocations should be clear and the table should be broken down by individual funding stream (BSSG, BES2, Concessionary Fares etc).

Total per capita				
TABLE 5 - Bus Revenue support - 2019-20 to 2022-23				
	2019-20	2020-21	2021-22 (indicative outturn)	2022-23
Mid-year population estimate Wales*	3,152,879	3,169,586	3,174,970	3,184,311
Bus Users UK Cymru Grant	£243,368	£182,918	£289,457	£289,457
School Transport	£0	£0	£10,000	£10,000
BUS REVENUE SUPPORT	£1,325,425	£6,111,471	£1,061,818	£1,061,818
Community Transport Association - Core Funding	£164,298	£138,284	£285,482	£285,482
Bus Services Support Grant	£25,000,000	£25,000,000	£25,000,000	£25,000,000
Bus Revenue Support - Traws Cymru	£3,741,342	£4,018,818	£3,159,745	£3,159,745
Traveline Cymru	£998,612	£998,612	£998,616	£998,616
Concessionary fares	£26,375,441	£33,915,450	£62,595,259	£62,595,259
Youth Discounted Travel	£2,531,786	£1,906,536	£1,999,969	£1,999,969
Bus Emergency	£0	£70,620,830	£59,099,546	£28,000,000

Scheme COVID				
Total	£60,380,273	£142,892,919	£154,499,892	£123,400,346
Total per capita	£19.15	£45.16	£48.66	£38.75

Total per capita

TABLE 5 - Bus capital support - 2019-20 to 2022-23

	2019-20	2020-21	2021-22	2022-23
Mid-year population estimate Wales *	3,152,879	3,169,586	3,174,970	3,184,311
Concessionary Fares	£35,240,000			
Bus support		£1,000,000		
Bus Cymru - invest in bus services				£25,000,000
Total	£35,240,000	£1,000,000	£0	£25,000,000
Total per capita	£11.18	£0.32	£0.00	£7.85

- mid year population estimate, June 2021 and June 2022 are based on the Office for National Statistics (ONS)' 2018-based national population projections.

Support for local transport priorities.

The duty to prepare Local Transport Plans is transferring from Local Authorities to the four Corporate Joint Committees in 2022. The new Regional Transport Plans will set out how the Wales Transport Strategy – Llwybr Newydd, will be delivered in the regions.

CJCs will be required to develop RTPs - the transport planning duty transfers from Local Authorities to CJCs on 28th February 2022 for South East Wales and 30th June 2022 for North, Mid and South West Wales. The new RTPs will replace the existing

Local Transport Plans, which were approved in 2015. The duty to deliver the policies set out in the RTPs will remain with local authorities.

These plans will be developed in tandem with The National Transport Delivery Plan which is being developed by Transport for Wales. This will set out specific projects, schemes, initiatives or interventions that will identify expenditure, based on the Strategy's priorities, including the delivery of projects that are already underway. It will also support the implementation of Future Wales – the National Plan 2040, and the Wales Infrastructure Investment Strategy. The NTDP will replace the current National Transport Finance Plan, 2015 (and updated in 2017 and 2018). It is intended that this will be published for formal public consultation in May 2022.

The RTP will be split in to two parts. The Plan, which will set out the policies for implementation of the WTS in the region, and the Programme, which should list the planned interventions over a 5-year period (2023-24 to 2027-28).

These plans will be used to allocate funding to local and regional priorities. In the short term and while the plans are being developed funding will be focused on Active Travel, the roll out 20MPH.

3.2 ICT Infrastructure

[Details of the total Welsh Government contribution to the Superfast Cymru successor scheme, including relevant contract targets for BT/Openreach and performance towards these targets.](#)

Total value of Scheme - £59.03m–

Split of funding:

UK Government - £2m

EU Funding - £32.6m

Welsh Government - £24.43m

Contract Targets

Performance

Premises – 39,000

Premises passed to date – 24,515

Premises remaining – 14,485

[Details of the budgets allocated to other Welsh Government connectivity schemes \(including Access Broadband Cymru, the Local Broadband Fund and the Welsh Government top-up to the UK Government's Gigabit Broadband Voucher scheme\) and connectivity targets these schemes have.](#)

Access Broadband Cymru - £1.5m (capital)

This scheme is a demand led grant scheme for properties that cannot access high-speed broadband and does not have connectivity targets.

Local Broadband Fund - £3.0m (capital) £0.3m (revenue) Total overall value of scheme - £11.0m

This scheme is a demand led grant scheme and does not have connectivity targets. Applicants have to demonstrate evidence to support the following criteria

- The creation and enabling of broadband infrastructure including backhaul facilities
- Upgrading existing broadband infrastructure
- Deployment of digital infrastructure such as the laying down of passive infrastructure (e.g. civil engineering works such as ducts and other network elements such as dark fibre etc.), also in synergy with other infrastructures (energy, transport, water, sewerage networks etc.)
- The delivery of fast, reliable broadband to those part of Wales currently not served (ie. NGA “white”)

UK Government’s Gigabit Voucher Scheme – no allocation

[Details of any budget allocated to improving mobile connectivity.](#)

No allocation has been provided for 2022/23. A business case will be done in 2022/23 which will confirm whether there is a need for a project and the value. Should this provide a positive outcome it is expected that the procurement will take place in the second half of 2022/23 with work commencing in 2023/24.

4.0 ENVIRONMENT, ENERGY & PLANNING – FUNDING OF ACTIONS

Environment, Energy & Planning	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	Change £'000	Change %	2023-24 New Plans Draft Budget £'000	2024-25 New Plans Draft Budget £'000
Fiscal Resource	185,110	222,110	37,000	20%	240,610	256,110
Non-Fiscal Resource	10,121	10,121	0	0%	10,121	10,121
Total Resource	195,231	232,231	37,000	19%	250,731	266,231

Environment, Energy & Planning	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	2023-24 New Plans Draft Budget £'000	2024-25 New Plans Draft Budget £'000
Traditional Capital	183,286	195,500	239,550	237,500
TOTAL	183,286	195,500	239,550	237,500

Develop and deliver overarching policy and programmes on sustainable development and natural resource management Action

BEL	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	Change £'000	Change %	2023-24 New Plans Draft Budget £'000	2024-25 New Plans Draft Budget £'000
Environment Legislation & Governance	181	181	0	0%	181	181
Total Resource	181	181	0	0%	181	181

This BEL provides budgetary cover for legislation and governance costs

Fuel Poverty Programme Action

BEL	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	Change £'000	Change %	2023-24 New Plans Draft Budget £'000	2024-25 New Plans Draft Budget £'000
Fuel Poverty Programme	4,370	4,370	0	0%	4,370	4,370
Total Resource	4,370	4,370	0	0%	4,370	4,370

BEL	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	2023-24 New Plans Draft Budget £'000	2024-25 New Plans Draft Budget £'000
Traditional Capital				
Fuel Poverty Programme	27,000	30,000	35,000	35,000
TOTAL	27,000	30,000	35,000	35,000

Develop and implement climate change policy, energy efficiency, Green Growth and environmental protection Action

BEL	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	Change £'000	Change %	2023-24 New Plans Draft Budget £'000	2024-25 New Plans Draft Budget £'000
Welsh Government Energy Service	3,970	3,970	0	0%	3,970	3,970
Radioactivity & Pollution Prevention	3,415	4,415	1,000	29%	5,165	5,615
Clean Energy	3,457	8,457	5,000	145%	10,457	11,457
Climate Change Action	1,986	3,486	1,500	76%	4,486	5,486
Total Resource	12,828	20,328	7,500	58%	24,078	26,528

BEL	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	2023-24 New Plans Draft Budget £'000	2024-25 New Plans Draft Budget £'000
Traditional Capital				
Green Infrastructure	1,402	0	0	0
Welsh Government Energy Service	13,000	15,000	25,000	25,000
Radioactivity and Pollution Prevention	17,095	5,000	2,150	300
TOTAL	31,497	20,000	27,150	25,300

The Welsh Government has statutory duties to reduce carbon emissions to meet the net zero commitment by 2050 together with a series of interim targets for total emissions and commitments associated with increasing generation of renewable energy. The work of the energy division is to support these statutory duties and to maximise the economic and social value from renewable energy investment in Wales.

BEL 2809 Welsh Government Energy Service - This investment is to support public bodies to undertake energy efficiency, and renewable energy projects, with the repayments of that investment made from the savings made or income derived from the projects. These repayments are then recycled into further investments.

BEL 2817 Radioactivity and Pollution Prevention - This BEL supports the policy and legislative work in respect of air quality, chemicals, environmental noise, industrial pollution and radioactivity/radioactive waste. This includes the implementation of associated legislation as necessary to deliver those policy measures. It also covers the management of infraction cases, including some legal costs, associated with industrial pollution and air quality.

BEL 3770 Clean Energy - This BEL supports the Clean Energy programme. The programme of work aims to develop evidence to establish a path for decarbonising Wales' energy system, involvement of stakeholders in developing and promoting the resulting policy outcomes, and delivering support services to enable its delivery including the Local Energy and the new Welsh Government Energy Service and Smart Living programmes.

BEL 3771 Climate Change Action - This BEL supports the Decarbonisation Programme to develop the next Low Carbon Delivery Plan. Work will be commissioned for research and evidence to support the plan along with a range of communication and engagement products. It also includes support for development of innovative and smart integrated solutions to place-based issues using multi-energy vector and multi sector infrastructure and technology, processes and systems approach. The BEL also covers the Emissions Trading Scheme which will implement the Welsh Government's obligations after the establishment of a UK linked ETS scheme, following EU Exit.

Develop and implement flood and coastal risk, water and sewage policy and legislation Action

BEL	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	Change £'000	Change %	2023-24 New Plans Draft Budget £'000	2024-25 New Plans Draft Budget £'000
Flood Risk Management & Water Revenue	29,415	41,415	12,000	41%	51,165	60,215
Total Resource	29,415	41,415	12,000	41%	51,165	60,215

BEL	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	2023-24 New Plans Draft Budget £'000	2024-25 New Plans Draft Budget £'000
Traditional Capital				
Flood Risk Management & Water Revenue	45,500	67,100	60,000	59,300
TOTAL	45,500	67,100	60,000	59,300

This BEL largely funds Wales' Risk Management Authorities in undertaking activities such as asset maintenance, awareness raising work, flood investigation (Section 19 reports) mapping, warning and informing and staff costs, Coastal Risk Management Programme and Funding to LA's and NRW.

Deliver nature conservation and forestry policies and local environment improvement Action

BEL	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	Change £'000	Change %	2023-24 New Plans Draft Budget £'000	2024-25 New Plans Draft Budget £'000
Local Environment Quality	449	949	500	111%	949	949
Community Involvement	60	0	(60)	-100%	0	0
Landfill Disposals Tax Communities Scheme	1,500	1,500	0	0%	1,500	1,500
Enabling Natural Resources	4,274	4,274	0	0%	4,274	4,274
Biodiversity, Evidence and Plant Health	6,625	13,625	7,000	106%	14,625	14,625
Forestry	1,221	5,221	4,000	328%	9,221	13,221
Environment Act Implementation	731	791	60	8%	791	791
Sub Total	14,860	26,360	11,500	77%	31,360	35,360
Non Fiscal Resource						
Forestry Non Fiscal	83	83	0	0%	83	83
Total Resource	14,943	26,443	11,500	77%	31,443	35,443

BEL	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	2023-24 New Plans Draft Budget £'000	2024-25 New Plans Draft Budget £'000
Traditional Capital				
Enabling Natural Resources	6,423	2,000	2,000	500
Biodiversity, Evidence and Plant Health	21,000	20,000	25,000	25,000
Forestry	4,500	9,000	23,000	25,000
TOTAL	31,923	31,000	50,000	50,500

BEL 2191 Local Environment Quality - This BEL deliver's a programme of work which focuses on improving the local environment of communities, targeting issues such as single use plastics and littering reduction, fly-tipping, dog fouling and other forms of environmental anti-social behaviour. It also deals with issues that carry public health concerns, such as contaminated land.

BEL 2192 Community Involvement – This BEL is no longer required, the budget was previously funding for Cynefin, a scheme which is now closed. Previous Ma’s have requested to transfer this revenue funding to Environmental Act Implementation (BEL 2837), to help fund Eco Schools. Once the funding is transferred at Final Budget the BEL will be archived.

BEL 2195 Landfill Disposals Tax Communities Scheme – This BEL provides grants for community projects that support biodiversity, waste minimisation, the diversion of waste from landfill and wider environmental enhancements.

BEL 2832 Enabling Natural Resources - The BEL is designed to achieve a range of outcomes and multiple benefits that will support and contribute to key Welsh Government strategy and policy, specifically Prosperity for All, the Natural Resources Policy and A Healthier Wales. The specific activities and projects supported by the Grant will directly help to deliver a number of policies including A Fly-tipping Free Wales, the Nature Recovery Action Plan and the Action Plan for Pollinators.

BEL 2825 Biodiversity, Evidence and Plant Health– This BEL focusses on five core areas reflecting key priorities in our Nature Recovery Action Plan: Environmental Sector Capacity Building Fund, A Green Recovery Fund for the protected site network, Biodiversity Taskforce, Land Management Agreements, Pollinators

BEL 2827 Forestry – This BEL funds work on demonstrator projects, work on Welsh Government woodland estates, work on the National Forest Delivery Model and work on developing Forestry Policy.

BEL 2837 Environment Act Implementation - The purpose of this BEL is to support the Ministerial commitment to the implementation of the international Eco-Schools programme across Wales, the Ministerial commitment to the tree planting and climate change educational programme delivered by charity Size of Wales and the programme of work to help further the sustainable management of natural resource and the implementation of the Environment Act.

Sponsor and manage delivery bodies Action

BEL	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	Change £'000	Change %	2023-24 New Plans Draft Budget £'000	2024-25 New Plans Draft Budget £'000
Natural Resources Wales	59,717	59,717	0	0%	59,717	59,717
Sub Total	59,717	59,717	0	0%	59,717	59,717
Non Fiscal Resource						
NRW Non Fiscal Resource	10,000	10,000	0	0%	10,000	10,000
Total Resource	69,717	69,717	0	0%	69,717	69,717

BEL	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	2023-24 New Plans Draft Budget £'000	2024-25 New Plans Draft Budget £'000
Traditional Capital				
Natural Resources Wales	966	2,400	2,400	2,400
TOTAL	966	2,400	2,400	2,400

This BEL provides Grant in Aid to Natural Resources Wales (NRW). Alongside a wide range of operational and regulatory responsibilities, NRW is the principal adviser to Welsh Government. NRW help to deliver a wide range of ministerial priorities and commitments such as mitigating and adapting for climate change. NRW's activities also support the wellbeing goals including enhancing the environment to maintain a resilient Wales, supporting enterprise and jobs to promote a prosperous Wales, improving the nation's health, supporting viable and vibrant places and delivering social justice.

Increase Resource Efficiency and Support Transition to a Circular Economy Action

BEL	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	Change £'000	Change %	2023-24 New Plans Draft Budget £'000	2024-25 New Plans Draft Budget £'000
Resource Efficiency and Circular Economy	45,316	50,316	5,000	11%	50,316	50,316
Total Resource	45,316	50,316	5,000	11%	50,316	50,316

BEL	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	2023-24 New Plans Draft Budget £'000	2024-25 New Plans Draft Budget £'000
Traditional Capital				
Resource Efficiency and Circular Economy	37,500	40,000	60,000	60,000
TOTAL	37,500	40,000	60,000	60,000

The Resource Efficiency and Circular Economy division's budget directly supports the collecting and processing of waste and recycling as a key sector. It continuing to support the transition to a circular economy, which can support improvements in supply chain resilience as well as being a core part of the Welsh Government's wider approach to a Green Recovery. We are working closely with delivery bodies to prioritise and

ensure that the response in this area for the people of Wales is timely and has an impact that contributes in the longer term to improved outcomes. *Funding Programmes and Schemes include:*

Gate fees : The Welsh Government's Waste Infrastructure Procurement Programme;
Sustainable Waste Management Grant (SWMG);
Collaborative Change Programme;
Waste Improvement Programme

The Programme for Government contains a number of commitments to Resource Efficiency and the Circular Economy which build on the key actions within the Beyond Recycling circular economy strategy. These actions principally relate to supporting more reuse, repair and recycling in town centres; supporting culture change and a zero waste culture and taking forward extended producer responsibility. Next year's budget arrangements will be focussed on the delivery of these.

Promote and support protected landscapes, wider access to green space Action

BEL	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	Change £'000	Change %	2023-24 New Plans Draft Budget £'000	2024-25 New Plans Draft Budget £'000
Landscape & Outdoor Recreation	11,416	12,416	1,000	9%	12,416	12,416
Total Resource	11,416	12,416	1,000	9%	12,416	12,416

BEL	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	2023-24 New Plans Draft Budget £'000	2024-25 New Plans Draft Budget £'000
Traditional Capital				
Landscape & Outdoor Recreation	8,900	5,000	5,000	5,000
TOTAL	8,900	5,000	5,000	5,000

This BEL provides core funding to the 3 National Park Authorities. It provides the WG's contribution to the maintenance and promotion of the Wales Coast Path and provides the Sustainable Development Fund for Areas of Outstanding Natural Beauty (AONBs). It also funds a number of programmes, services and interventions to deliver WG and First Minister priorities around access and recreation, green spaces and allotments.

Restore, Maintain and Improve Marine Environment Action

BEL	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	Change £'000	Change %	2023-24 New Plans Draft Budget £'000	2024-25 New Plans Draft Budget £'000
Marine Policy, Evidence and Funding	1,911	1,911	0	0%	1,911	1,911
Total Resource	1,911	1,911	0	0%	1,911	1,911

This BEL is responsible for monitoring the implementation of the Welsh National Marine Plan (WNMP), as well as delivering some specific policies under the WNMP. The WNMP was published in 2019 and outlines the vision for inshore and offshore regions as being seas and coasts that are clean, healthy, safe, productive and biologically diverse.

Planning and Regulation Action

BEL	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	Change £'000	Change %	2023-24 New Plans Draft Budget £'000	2024-25 New Plans Draft Budget £'000
Planning & Regulation Expenditure	5,096	5,096	0	0%	5,096	5,096
Total Resource	5,096	5,096	0	0%	5,096	5,096

4.1 Environment, Energy & Planning

Planning

Funding of Planning and Environment Decisions Wales and how this differs from how Planning Inspectorate Wales was funded

£2.99m per annum in programme funding previously paid to the Planning Inspectorate for providing handling appeals and related casework in Wales, has been transferred in full to Planning and Environment Decisions Wales (“PEDW”). This funding is anticipated to meet the funding overhead requirements of PEDW in full, for statutory functions delivered on behalf of the Welsh Ministers.

Certain case types determined by PEDW on behalf of the Welsh Ministers, including Developments of National Significance and examination of LDPs, attract a fee which recovers the cost of service provision, and renders those case types cost neutral to the Welsh Ministers.

Sufficient resourcing for local planning authorities to carry out their functions adequately

The Welsh Government raised planning fees above the rate of inflation less than 18 months ago to enable Local Planning Authorities to better fund and improve their development management functions.

The draft budget provides Local Authorities with sufficient funding to fund core activities. It is for local authorities to allocate their budgets between the services they are responsible for.

The Welsh Government commissioned research to provide a more sustainable fee structure, which is reflective and reactive to changing costs and challenges. The Welsh Government is currently considering how to best implement this research to ensure those services are supported and improved in the future.

Environment

Delivery of the Nature Recovery Action Plan, including management and monitoring of the National Sites Network

This investment will directly help address the Programme for Government ambition to tackle the nature and climate emergencies, whilst also ensuring we meet our existing and emerging international commitments for biodiversity. It will directly contribute to the delivery of key priorities and actions identified in our Nature Recovery Action Plan (NRAP - <https://gov.wales/nature-recovery-action-plan-2015>) relating to the protection of our habitats and species of principal importance and the creation of resilient ecological networks.

The National Sites Network will benefit from funding through the delivery of our Nature Networks Programme (NNP) over the next 3 years being key to improving the condition and connectivity of our terrestrial and marine protected sites, creating resilient ecological networks which will allow our most endangered habitats and species to thrive. It will also help to deliver nature to wherever people live through engagement with local communities building capacity within the sector to help deliver action on the ground benefitting not only our environment but also our health and well-being. Robust monitoring and evaluation will be an integral part of the Nature Networks Programme.

Following the design phase, mechanisms to deliver the Nature Networks Programme will be developed in early 2022 building on the success of current initiatives such as the Nature Networks Fund and delivery of Land Management Agreements by NRW.

Replacement for EU LIFE funding following the UK's departure from the EU

Match funding will be made available for 2 successful NRW led projects (Quaking bogs and Rivers4LIFE) from the final round of EU LIFE funding over the next 3 years further helping to restore our protected sites network and contributing to tackling the nature and climate emergencies.

The UK Government has not provided any EU LIFE replacement funding failing to honour its promise of Wales being 'not a penny' worse off after leaving the European Union. Discussions are ongoing with the UK Government and the devolved administrations on any potential replacement scheme that may operate at a UK level. It is not clear at this stage how any potential replacement scheme would be funded.

Development of the new National Park

The budget provides funding to help deliver the Programme for Government commitment to designate a new National Park to cover the Clwydian Range and Dee Valley.

Designating a National Park is a significant undertaking and this funding will enable Natural Resources Wales, our statutory advisors in this area, to undertake the necessary programme.

NRW has commenced work on the preparation of an updated and streamlined process for assessing the case for new landscape designations in Wales within the context of Welsh legislation.

Alongside this, NRW will develop the evidence base required to inform the assessment of the case for the new National Park.

NRW will also develop an engagement and consultation process to ensure all stakeholders have a voice.

Delivery of the Clean Air Plan

The aim of the Clean Air Plan for Wales: Healthy Air, Healthy Wales, is to improve air quality and reduce the impacts of air pollution on human health, biodiversity, the natural environment and our economy. The Plan sets out a 10-year pathway to achieving cleaner air, structured around four core themes:-

- People – protecting the health and well-being of current and future generations
- Environment – Taking action to support our natural environment, ecosystems and biodiversity
- Prosperity – Working with industry to reduce emissions, supporting a cleaner and more prosperous Wales
- Place – Creating sustainable places through better planning, infrastructure and transport

We are undertaking a wide range of work with Government departments and sectors, and the public, to drive forward the ambitious actions in the Plan.

Funding will support the delivery of key commitments, including the development of new air quality targets, the introduction of a new air quality monitoring and assessment service to support targeted action to improve air quality, and enhancements to the Local Air Quality Management regime.

Measures in the Plan will also help to achieve the UK's emission reduction commitments for all pollutants in 2020 and 2030, and will support our decarbonisation aims.

The additional funding will support the introduction of a Clean Air Act for Wales, consistent with World Health Organisation guidance, and will also enable the roll out of an enhanced air quality monitoring and assessment service. The commitments will enhance both national and local government's ability to tackle poor air quality. Measures to set legally binding targets and control emissions will drive improvements to the management of air quality, providing direct benefits for public health, habitats and biodiversity.

Implementation of the Woodlands for Wales Strategy, including the National Forest Strategy

On 12 March 2020 the First Minister officially launched the National Forest Programme. He described an ambition for a National Forest that extends the length and breadth of Wales; that can provide many opportunities by planting, growing and protecting trees: contributing to decarbonisation goals and the climate change emergency; halting the decline of biodiversity; improve health and wellbeing of our people; supporting commercial business activity.

In this budget we will be taking forwards the learning gained in the first 2 years of the programme, including through creating 30 new areas of National Forest. We will also offer every household in Wales a tree to plant or have planted and create 100 Tiny

Forests. This will add to the 14 exemplar sites that we already have. We will also offer every household in Wales a tree to plant or have planted on their behalf.

The National Forest is a whole country approach based on a set of 6 outcomes which are the guiding principles of the National Forest. Woodlands will need to meet the three essential and at least one highly desirable criteria to be in the National Forest Network. Its main aims to connect woodlands across Wales and enhance environmental, social and economic benefits for future generations a consultation will be launched in January 2022 to consult on the long term strategy of the National Forest

On 13 July 2021 the Deputy Minister for Climate Change issued a written statement outlining his findings from a deep-dive exercise into how to remove the barriers planting trees in Wales, and how we can use more Welsh timber in construction. Recommendations include ways to support individuals and communities to plant trees, a new funding scheme for woodland creation and an industrial strategy to coordinate the timber supply chain and construction sectors.

The additional funding will support the Programme for Government commitment to create a National Forest to extend from the north of Wales to the south. The National Forest will create areas of new woodland and help to restore and maintain some of Wales' irreplaceable ancient woodlands. In time it will form a connected network running throughout Wales, which will bring social, economic and environmental benefits.

It also provides the budget to deliver the commitment to create a timber based industrial strategy that can develop and sustain the high value production and processing of Welsh wood. As set out in Net Zero Wales, the Welsh Government wants to create 43,000 hectares of new woodland by 2030. The trees and timber deep dive run earlier this year identified actions to deliver this, including a new woodland creation offer to be launched in 2022. This will include working with the farming community to encourage woodland creation on less productive land and through agro-forestry, as set out in the Co-operation Agreement.

Implementation of the National Strategy for Flood and Coastal Erosion Risk Management, including the take up of the Coastal Risk Management Programme

The National Strategy for Flood and Coastal Erosion Risk Management sets out how we will manage risk from flooding and coastal erosion over the next decade with the objectives to prioritise investment, improve our understanding of risk, build resilience, prevent more people becoming exposed to risk and respond to events.

The additional funding will help meet the objectives of this Strategy as well as contribute towards our Programme for Government commitments by investing through our Risk Management Authorities in new and improved defences, maintenance and minor works to existing assets, investigation of flood events, awareness raising activities, forecasting and warning and mapping and modelling of flood risk.

Additional funding in the Flood budget will also help deliver the schemes in the Coastal Risk Management Programme which when complete will reduce the risk from flooding and/or coastal erosion to over 17,400 homes and businesses. This will help deliver almost 40% of our Programme for Government commitment to fund additional flood protection for more than 45,000 homes

Additional revenue will allow for additional flood protection for more than 45,000 homes, to deliver nature based solutions in all major catchments in Wales and to establish a targeted scheme to support restoration of seagrass and saltmarsh habitats along our coastline.

Initiatives to reduce plastic pollution, including the development of a Deposit Return Scheme and Extended Producer Responsibility (EPR) for plastic packaging

The Programme for Government commitment to introduce extended producer responsibility reforms will initially focus on measures to tackle packaging waste and a deposit return scheme for drink containers. The budget allocation for this activity includes funding for finalising policy development along with support to local authorities and Natural Resources Wales who will be required to adapt and, in the case of Natural Resources Wales, take on new duties as the principle regulator of these reforms.

Development of permanent environmental governance arrangements, and the work of the Interim Environmental Protection Assessor

We have been clear in our commitment to apply the environmental principles to policy and law making; establish an environmental oversight body for Wales; and introduce a statutory duty and targets to protect and restore biodiversity in Wales.

Budget will be allocated within the Environment, Legislation and Governance BEL for the development of permanent environmental governance measures. Costs incurred for the Interim Environmental Protection Assessor are met from the EU Exit BEL. These interim measures provide a route for people to raise concerns about the functioning of environmental law.

Delivery of the Marine Protected Area Network Management Plan

Budgetary allocations to support Marine Protected Area (MPA) management will be comparable to last year's budget with no reductions anticipated. Proposed actions continue to be invited annually and where appropriate can be considered for funding through the MPA Network Management Grant Scheme. Accepted actions will meet the criteria set out in the MPA Network Management Framework for Wales 2018-2023 and will deliver against wider Programme for Government commitments to improve and enhance resilience of the marine environment.

Natural Resources Wales (NRW)

The NRW budget for 2022/23 has limited changes when compared to the 2021-22 budget. There has been no change in core Grant In Aid (GIA) (£60m) for NRW in 2021-22 as NRW and Welsh Government officials are in the process of undertaking an exercise that examines the allocation of NRW resources against its statutory functions and PfG commitments. This exercise will inform how NRW allocates its funding to meet its statutory obligations whilst achieving Ministerial priorities for the coming year (2022-23) and the remainder of the current term of Government. I will work closely with NRW over the coming months on this matter to ensure the funding is sufficient to boost their efforts in tackling climate change and its impact in Wales. This is through more renewable energy generation on public sector land and more natural flood management.

NRW have been allocated an additional £1.5m Capital (£2.4m in total) next year to help support funding for Welsh reservoirs, a significant Capital increase.

One of the biggest challenges for the Welsh Government is tackling the effects of climate change. It is imperative NRW continues to respond to our climate emergency and the increased ambition of at least a 95% emission reduction. With NRW at the forefront, delivering actions across multiple sectors aims to ensure Wales' environment will be more resilient to climate change impacts.

We will consider the ask from NRW, along with their review of the 2020 floods which sets out the need for additional funding. This must be considered alongside the needs of our local authorities and wider flood and coastal risk management to support our communities.

We hope to be in a position to be able to provide additional revenue next year to support this vital work. We will be looking at more specific allocations over the coming months and hope to be able to provide a 3 year settlement, allowing our risk management authorities to plan ahead more effectively and help deliver on the ambitions set out in our National Strategy.

In addition to Grant in Aid (GiA) funding, NRW is in receipt of commercial income. NRW also receives several amounts of grant funding from various parts of WG, year on year, for projects which are outside their GIA, such as;

The National Peatland Action Programme (NPAP) is a 5 year programme (2020-2025) funded by Welsh Government and delivered by NRW. The budget allocation to NRW for delivery of Year 3 (2022/23) of the NPAP is: -

1. **£1,000,000** = Capital spend on peatland restoration activity on approximately 600-800ha
2. **£500,000** = Revenue funding for i) the dedicated NPAP delivery team of 6 in NRW; ii) peatland research and evidence projects so support delivery of the NPAP.

The NPAP aims to increase the ecosystem resilience of Welsh peatlands, and in doing so contribute to help address both the Climate and Nature Emergencies as well as contributing to achieving Net Zero.

£1.5m of match funding will be provided covering the 2 successful NRW led LIFE projects (**Quaking bogs and Rivers for LIFE**) and Natur am Byth project for the next 3 years. These projects will contribute to help address both the climate and Nature emergencies.

It is expected that NRW will receive an allocation to deliver a proportion of the **Nature Networks programme** (NNP) over the next 3 years. The amount TBC subject to outcomes of the design phase.

Designating a National Park is a significant undertaking and funding TO NRW will allow them to undertake the necessary programme.

Additional areas of Committee interest

Implementation of recommendations made by the Green Recovery Task Force

The Green Recovery Task and Finish Group was tasked with identifying actions for the Welsh Government's Recovery Plan to Covid-19 and developing a shared plan to stabilise the environment third sector, highlighting the need to strengthen financial resilience, governance and community engagement. In relation to the first objective above, the Group published the *Green Recovery: Priorities for Action Report* on the 3rd December 2020 and in 2020/2021 the Welsh Government financed a package of these priority projects to support biodiversity, totalling £1.030m capital and £105k revenue in total. The Welsh Government committed an additional £4m capital and £300k revenue to the Welsh Local Government Association (WLGA) on the 25th February 2021. This funding was for onward distribution to Local Authorities for projects that delivered against the *Priorities for Action* report's five priorities. Under the second objective, the Group published the *Green recovery: supporting the environmental sector in Wales* report. The Welsh Government subsequently worked in partnership with National Lottery Heritage Fund, launching a £920k Capacity Building scheme for the environmental sector in November 2020.

More recently, Sir David Henshaw met with the Deputy Minister for Climate Change in November 2021 to discuss the Group's next steps, which includes the development of a business case in relation to the National Nature Service. Within this year's budget we have expanded funding to relevant areas which are key to accelerating the delivery of the Green Recovery, such as our Circular Economy Fund, and taking forward the delivery of the Net Zero Wales Plan. We are also looking to provide further investment, building on the capacity building scheme helping Environmental Non-Governmental Organisations (eNGOs) retain and develop capacity to effectively contribute to their ability to tackle the nature and climate emergencies.

Delivery of the Welsh Government's Warm Homes Programme, including priority actions for 2021-2023 set out in its Tackling Fuel Poverty Plan, 2020–2035

The Fuel Poverty Warm Homes budget directly addresses the PfG commitment to “Continue to improve existing homes, helping us tackle fuel poverty, create much needed jobs, training opportunities, and supply chains” and supports “decarbonise more homes through retrofit, delivering quality jobs, training and innovation using local supply chains.”

The funding supports the Warm Homes Programme (WHP) which has been the Welsh Government's main intervention in efforts to reduce fuel poverty since its launch in 2009/10. Welsh Ministers published its statutory plan to tackle fuel poverty in March 2021 whilst the current iteration of the WHP is due to end in May 2023.

The next iteration of the Warm Homes Programme will be subject to a public consultation which will open December 2021.

Delivery of renewable energy and public sector energy efficiency programmes, including funding for the Welsh Energy Service

The budget provides capital and revenue to support the operation of the Welsh Government Energy Service. This offers commercial, financial, and technical expertise to the public sector and local energy sector to develop energy efficiency and renewable energy schemes. The service also undertakes a strategic leadership role across the sectors, with a focus on increasing ambition, capacity and capability.

The commitment to Expand renewable energy generation by public bodies and community groups in Wales by over 100MW by 2026 is in addition to the target of 1 gigawatt of locally owned generation by 2030. Work will begin this year to set up a development function, Ynni Cymru, in order to expand community owned renewable energy generation. The programme's Benefit Realisation Strategy indicates the unit will deliver significant revenue and environmental benefits to Wales. The budget allocations will enable us to establish a small team to develop the concept of a Welsh public developer, as described in the Cooperation Agreement, and in parallel actively develop an initially small number of projects for Welsh Government, and in support of communities and public bodies where capacity is a challenge.

The Welsh Government Energy Service is engaged to support these projects and wider public sector and community based activity to increase the opportunities and scale of renewable energy in Wales. The Service provides support, advice and expertise to projects together with significant investment in projects which, without support, would not be financially viable.

The funding also supports the Wales Funding Programme which provides zero interest capital loans to the public sector, with commercial loans and development grants provided to the local energy sector.

The National Infrastructure Commission for Wales

The Deputy Minister recently appointed Dr David Clubb as Chair of NICW. The Deputy Minister will soon begin a public appointment process to refresh the membership of the commission.

The Co-operation Agreement between Labour and Plaid Cymru commits NICW to assessing how the nationwide likelihood of flooding of homes, businesses and infrastructure can be minimised by 2050.

Dr Clubb has written to the Deputy Minister with proposals for a 3 year work programme. In the near future, this will lead to a funded work programme agreed between the Deputy Minister and the Chair.

Project proposed by NICW include:

- the renewable energy challenge; to be tightly integrated with the outcomes from the Welsh Government 'Deep Dive' into renewable energy
- the long-term risks to infrastructure, focusing on coastal flooding and erosion, river flooding, and heat-related impacts; and for sectors that are hard to adapt (such as transport, energy and housing)
- the long-term skills needs to support a distributed energy, housing and transport system that will need to withstand or recover from significantly increased weather/climate impacts
- a regional or national conversation on climate-related risks to a range of (likely coastal) communities, citing Fairbourne and other highly vulnerable communities as an example.

5.0 DIGITAL DELIVERY – FUNDING OF ACTIONS

Delivering the Digital Strategy	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	Change £'000	Change %	2023-24 New Plans Draft Budget £'000	2024-25 New Plans Draft Budget £'000
Fiscal Resource	4,900	4,900	0	0%	4,900	4,900
Non-Fiscal Resource	0	0	0		0	0
Total Resource	4,900	4,900	0	0%	4,900	4,900

BEL	2021-22 Final Budget £'000	2022-23 New Plans Draft Budget £'000	Change £'000	Change %	2023-24 New Plans Draft Budget £'000	2024-25 New Plans Draft Budget £'000
Centre for Digital Public Services	4,900	4,900	0	0%	4,900	4,900
Total Resource	4,900	4,900	0	0%	4,900	4,900

The Programme for Government commitment of building “a stronger, greener economy as we make maximum progress towards decarbonisation” contains an action to “deliver the [Digital Strategy for Wales](#)”. The strategy includes actions based around wide-ranging Missions including: designing services around users, inclusion, skills, the economy, connectivity and data. Taken together, the Missions will deliver digital transformation across Wales to deliver the vision set out in the strategy.

Responsibility for delivering the Digital Strategy for Wales and the accompanying Delivery Plan is a cross-portfolio issue. Much of the digital policy and delivery activity is delivered across Ministerial portfolios but, together, contribute to the overall objective of delivering and modernising services so that they are designed around user needs and are simple, secure and convenient. Welsh Government’s overall draft budget allocations will enable a wide suite of actions, set out in the Delivery Plan, to be taken forward across all Missions.

The Centre for Digital Public Services (CDPS) is key to achieving our vision by improving digital leadership and skills as well as driving forward transformation in public services. It is already making public services more joined up, effective and using common standards. Allocations in the draft budget within the Climate Change portfolio will enable the CDPS to deliver agreed outcomes and plan for longer term work based on identified priorities. Providing budget certainty enables the CDPS to continue to work at pace, driving momentum for collaboration and digital transformation across public services in Wales.