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Wales



Sustainability Committee

Jocelyn Davies AM
Chair of the Finance Committee
National Assembly for Wales

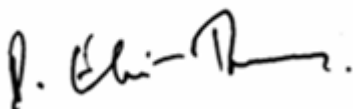
25 October 2011

Dear Jocelyn

I enclose a copy of the letters we have sent to Alun Davies, Deputy Minister for Agriculture, Fisheries, Food and European Programmes and John Griffiths, Minister for the Environment and Sustainability following their attendance at scrutiny sessions on the draft budget on 13 and 19 October respectively.

Many of the observations and recommendations relate directly to each of the Ministers but I would like to draw your committee's attention to the comments made about payments into the Welsh Consolidated Fund and the absence of sustainability and equality impact assessments on the either of the budgets. I would be grateful if your committee would take these two issues up with the Minister for Finance.

Yours sincerely



Dafydd Elis Thomas
Chair of the Environment and Sustainability Committee

Bae Caerdydd
Cardiff Bay
CF99 1NA

Clerc/Clerk Virginia Hawkins, Ffôn /Tel: 029 2089 8544
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Sustainability Committee

Alun Davies AM
Deputy Minister for Agriculture, Fisheries, Food and European
Programmes
Welsh Government

25 October 2011

Dear Alun

We would like to thank you for attending the Environment and Sustainability Committee meeting on 13 October as part of our scrutiny of the Welsh Government Draft Budget Proposals 2012-13.

The Committee would like to make a number of comments for your consideration. We are also writing to the Minister for Environment and Sustainability. Both letters are being copied to the Finance Committee to inform its overarching strategic scrutiny of the Draft Budget, and they will be published on our website.

Budget priorities

We discussed with you in the evidence session how the £1.5 million reduction in your budget would affect the expenditure plans for your priority policy areas. You indicated that your budget is based on the Welsh Government's Programme for Government and therefore reflects the priorities set by that. You also indicated that you are confident that you will be able to fully meet all the commitments outlined in the Programme for Government. We remain concerned about the real impact of the reduction in the budget, especially on the delivery of the Rural Development Plan given your assertion that: "I cannot pretend that there will be no impact at all".

Bae Caerdydd
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- 1. We would urge you to ensure that sufficient funding has been allocated to the priority areas outlined in your paper to fulfil all the commitments under them.**
- 2. We strongly recommend that you make public and publicise widely, at the earliest opportunity, plans to manage any negative impacts to your priority areas which become apparent:**
 - during the current budget process; and**
 - once the relevant financial year has started.**

Marketing and Promotion of Welsh Food

We discussed with you at the evidence session the impact of the £275,000 reduction in the budget SPA for developing and marketing the Welsh food and drink sector. We welcome your establishment of a review of the sector, a sector skills panel and the indication of your intention to revise the food strategy. We remain concerned, however, about the impact of the reduction in funding for this area.

- 3. We would urge you to produce the new strategy as soon as possible so that the reduction in the budget for the current strategy does not negatively impact on the sector.**
- 4. Whilst we consider that it is important that you to ensure that sufficient funding is made available for the new strategy, we recommend that that the funding currently available is not its only driver.**

Developing, Managing and Enforcing Welsh Fisheries and Aquaculture

We discussed with you in the evidence session the impact of the reduction in real terms on the revenue and capital budget lines for developing, managing and enforcing Welsh Fisheries and Aquaculture will have on your ability to deliver your obligations with regards to fisheries legislation. We welcome your reassurance that you do not foresee that these reductions in the budget will impact upon your ability to meet the obligations of the Welsh Government under European legislation and the Marine and Coastal Access Act. However in light of the on-going reforms and changes in this policy field we remain concerned about the long-term impacts of these reductions.

- 5. We would urge you to keep under careful review the budget allocated for the management and enforcement of fisheries in Wales to ensure that the Welsh Government has the capacity to meet any new obligations placed upon it.**

Sustainability Impact Assessment

We asked you during the evidence session whether a sustainability impact assessment had been completed for your budget. You have kindly supplied us with a copy of extracts from the Rural Development Plan 2007-2013 Mid Term Evaluation Report covering Sustainability. We are concerned, however, that no sustainability impact assessment has been carried out on the budget itself, especially as the main areas of reduction are to the delivery of the Rural Development Plan.

- 6. We will be recommending to the Finance Committee that they urge the Minister for Finance to ensure that sustainability impact assessments are carried out for all budgets in the 2012-13 budget round and that any changes made as a result of the assessment are shown in the figures provided to the relevant committees for scrutiny.**

Equality Impact Assessment

We asked you during the evidence session whether an equality impact assessment had been completed for your budget. You have kindly supplied us with a copy of extracts from the Rural Development Plan 2007-2013 Mid Term Evaluation Report covering Sustainability. We are concerned, however, that no equality impact assessment has been carried out on the budget itself since the budget round in 2010, especially as the main areas of reduction are to the delivery of the Rural Development Plan.

- 7. We will be recommending to the Finance Committee that they urge Minister for Finance to ensure that equality impact assessments are carried out for all budgets in the 2012-13 budget round and that any changes made as a result of the assessment are shown in the figures provided to the relevant committees for scrutiny.**

Further information

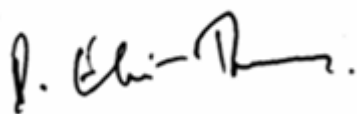
You kindly agreed to provide us with the following information:

- A copy of the sustainability impact assessment carried out by the Welsh Government on the draft budget 2012-13 and details of any changes made as a result of that;

- Further information on the young entrants scheme;
- Updates on progress on the development of a new food strategy; and
- Further information on the review of enforcement activities on marine and fisheries legislation.
- Changes to the Axis 2 budget as a result of the Rees Roberts Review.

Thank you for assisting the Committee in its work, and we look forward to receiving your response to the points raised in this letter as soon as possible.

Yours sincerely

A handwritten signature in black ink, appearing to read 'D. Elis Thomas'.

Dafydd Elis Thomas
Chair of the Environment and Sustainability Committee

c.c. Jocelyn Davies AM
Chair, Finance Committee

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Sustainability Committee

John Griffiths AM
Minister for Environment and Sustainability
Welsh Government

25 October 2011

Dear John

We would like to thank you for attending the Environment and Sustainability Committee meeting on 19 October as part of our scrutiny of the Welsh Government Draft Budget Proposals 2012-13.

The Committee would like to make a number of comments for your consideration. This letter is being copied to the Finance Committee to inform its overarching strategic scrutiny of the Draft Budget, and they will be published on our website.

Budget priorities

We discussed with you in the evidence session how the £2.9 million reduction in your budget between 2011-12 and 2012-13 would affect your ability to deliver the Welsh Government's Programme for Government. We welcome your assurance that there is a clear relationship between the Programme for Government, your priorities and the draft budget.

Bovine TB

We discussed with you the allocation for TB compensation in the budget. We welcome your clarification that the current figures are based on the historical payments for last year. We are concerned, however, that, due to the cyclical

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nature of the incidence of TB there may not be sufficient funds available to cover any increase in compensation payments.

- 1. We strongly recommend that the compensation payments for TB are monitored closely and that subsequent budget allocations adequately reflect any changes in payment levels from year to year.**

Planning

We discussed the reduction in the planning budget line and its implications for increasing the capacity of local planning authorities to deal with complex infrastructure projects. We are concerned that insufficient resources are being made available to local planning authorities to help them access expert advice and support in order to deal efficiently with large energy projects. We will report further on this issue at the end of our current inquiry into energy policy and planning.

A Single Environmental Body (SEB)

We discussed several aspects of the proposed SEB at the meeting. We understand that further progress on the setting up of the SEB is dependent on the business case currently being developed. There are some areas of concern, however in terms of budgetary matters:

- We are concerned that the invest to save aspect of the proposed merger of the 3 environmental bodies will not identify specific savings whilst incurring a number of additional costs. It also unclear whether or not the current Natural Environment Framework budget expenditure line of £1.1m in the current year and £13m over the next three years is on an 'invest to save' basis;
- We are concerned that the costs of the SEB performing its role as a statutory consultee will not be reduced as those functions currently carried out by CCW and EA Wales will need to be separated within the SEB; and
- We are concerned that the SEB will be taking on additional work in helping to develop legislative proposals through the implementation of the Natural Environment Framework schemes and projects and will therefore not demonstrate a cost saving.

- 2. We would urge you to take these considerations into account when evaluating the business case for the SEB and to clarify whether or not 'Invest to Save' funds are already being used for the restructuring process.**

We welcome your commitment to let the committee have sight of the SEB business case once it is finalised.

Adjustments to budget lines and capacity issues

You referred during the meeting to the need to make adjustments accordingly to the budget lines for bovine TB budget and the development of building regulations. You also indicated that work being done to bring forward legislation would be done using existing Welsh Government resources.

- 3. We recommend that the delivery on the appropriate budget lines is monitored closely.**
- 4. We recommend that any adjustments that are made to those budget lines during the year are transparent and show where the money being brought into them has come from.**
- 5. We recommend that the impact of legislative work on current resources is monitored closely and that sufficient resources are made available to meet the needs of the legislative timetable.**

Fuel poverty

We discussed the real terms reduction in the budget line for the fuel poverty programme. We are concerned that, at a time of rising fuel prices, this cut will not be sufficient to make a significant impact on the reduction in fuel poverty.

- 6. We strongly urge you to be proactive in finding additional sources of funding for fuel poverty alleviation measures not only from the major energy companies but from as many sources as possible.**

Scrutiny of receipts into the consolidated fund

We discussed what happened to payments received by the Forestry Commission as landlords from wind farm schemes on Forestry Commission managed land. We are concerned that these payments go into the consolidated fund and are not scrutinised in any way in any Minister's budget lines.

- 7. We will be recommending to the Finance Committee that they take this issue up with the Minister for Finance.**

Sustainability Impact Assessment

We asked you during the evidence session whether a sustainability impact assessment had been completed for your budget. We are concerned that no sustainability impact assessment has been carried out on the budget itself, especially in the light of reductions in your budget for the coming year.

- 6. We will be recommending to the Finance Committee that they urge the Minister for Finance to ensure that sustainability impact assessments are carried out for all budgets in the 2012-13 budget round and that any changes made as a result of the assessment are shown in the figures provided to the relevant committees for scrutiny, together with an explanation of the rationale for such changes.**

Equality Impact Assessment

We asked you during the evidence session whether an equality impact assessment had been completed for your budget. We are concerned, however, that no equality impact assessment has been carried out on the budget itself since the budget round in 2010.

- 7. We will be recommending to the Finance Committee that they urge Minister for Finance to ensure that equality impact assessments are carried out for all budgets in the 2012-13 budget round and that any changes made as a result of the assessment are shown in the figures provided to the relevant committees for scrutiny, together with an explanation of the rationale for such changes.**

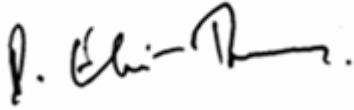
Further information

You kindly agreed to provide us with the following information:

- Information on the procurement arrangements for anaerobic digestors;
- The detailed business case for the formation of the SEB, once it has been completed.

Thank you for assisting the Committee in its work, and we look forward to receiving your response to the points raised in this letter as soon as possible.

Yours sincerely

A handwritten signature in black ink, appearing to read 'D. Elis Thomas'.

Dafydd Elis Thomas
Chair of the Environment and Sustainability Committee

c.c. Jocelyn Davies AM
Chair, Finance Committee