

Environment and Sustainability Committee

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Draft Budget 2014–15 : Sustainable Development – Paper from the Minister for Communities and Tackling Poverty and the Minister for Finance

Purpose

This paper sets out the Welsh Government's approach to sustainable development in the context of the Draft Budget 2014–15, which was published on 8 October 2013.

While the Minister for Communities and Tackling Poverty is responsible for matters relating to sustainable development policy, the wider responsibility for consideration and implementation of sustainable development across portfolios and their budgets is a matter for all Ministers. It would not be appropriate therefore for the Minister for Communities and Tackling Poverty to discuss budgetary decisions taken by other Ministers. The Minister for Communities and Tackling Poverty and the Minister for Finance are both appearing at Committee in recognition of their joint leadership role in taking this work forward.

Context

Sustainable Development Duty

The National Assembly for Wales under section 121 of the Government of Wales Act 1998 and Welsh Ministers under section 79 of the Government of Wales Act 2006 have a duty requiring them to make a scheme setting out how they propose, in the exercise of their functions, to promote sustainable development.

There have been three schemes published since 1998, the latest of which One Wales: One Planet – the Sustainable Development Scheme of the Welsh

Assembly Government was published in 2009. This sets out the Welsh Government's vision for a sustainable Wales, and defines sustainable development as follows:

Sustainable development means enhancing the economic, social and environmental wellbeing of people and communities, achieving a better quality of life for our own and future generations in ways which;

- *promote social justice and equality of opportunity; and*
- *enhance the natural and cultural environment and respect its limits – using only our fair share of the earth's resources and sustaining our cultural legacy.*

Sustainable development is the process by which we reach the goal of sustainability.

Under section 79 of the GOWA 2006, Welsh Ministers have a duty to publish a report on how the proposals set out in the sustainable development scheme were implemented in that financial year. In November 2012 the Welsh Government published its 12th Sustainable Development Annual Report. The Welsh Government also publishes a set of Sustainable Development Indicators for Wales in order to communicate and highlight progress in key issues and priority areas for sustainable development. The latest indicators were published in August 2013.

In addition to the schemes set out above, we have also put in place a range of tools to ensure that we embed sustainable development in our policy and programme development processes and decision making. This includes requiring , policy advice and business cases for spending proposals to establish the case for change, set clear objectives, consider a wide range of options or solutions, and the arrangements for delivery, with reference to:

- the strategic fit with the Programme for Government (underpinned by Sustainable Development principles);
- the impact on the people of Wales and the supporting evidence (in the context of sustainable development);

- the financial cost of our investment (including financial sustainability);
- mechanisms available to deliver change (including any contractual aspects); and
- the management of the work.

This approach strongly recognises sustainable development as the way in which we deliver our priorities for Wales such as creating jobs and growth and tackling poverty, and helps to embed sustainable development in policy development.

Draft Budget 2014–15

Sustainable development underpins all of our spending plans. At the simplest level, this means ensuring that decisions are financially sustainable. Equally, it means bringing a strong evidence base to bear on decisions about priorities and being confident that we balance the short term implications with the longer term impact on our strategic objectives. This kind of consideration becomes more important than ever as budgets reduce and as we face decisions about where to reduce spend rather than where to invest additional resources.

Programme for Government

The Programme for Government reaffirms our commitment, first set out in our Sustainable Development Scheme – One Wales: One Planet (2009), to place sustainable development as our core organising principle. Our policies and programmes reflect our commitment to sustainability and fairness, and the Programme for Government (2011) reinforces the importance of sustainable development’s place as the central organising principle in defining the best development path for Wales.

Our Welsh account of sustainable development as set out in the Programme for Government is “*an emphasis on social, economic and*

environmental wellbeing for people and communities, embodying our values of fairness and social justice. We must also look to the longer term in the decisions we make now, to the lives of our children's children as well as current generations".

The programme sets out:

- Long-term outcomes the Government is working to achieve;
- The high-level indicators we will use to gauge progress towards these outcomes;
- Actions being taken to achieve those outcomes; and
- Output or process indicators that we will use to check that those actions are on track.

The principles of sustainable development are reflected throughout the Programme for Government and the priorities set out within each chapter build on this approach. Each Minister takes account of sustainable development in making decisions about their policy areas and their budgets.

With a reducing budget, it is all the more important to be clear about where we should invest our resources to achieve sustainable results for the people of Wales, now and in the future.

The strategic priorities informing the allocations in the Draft Budget 2014–15 are aligned to support our ambitions as set out in the Programme for Government. As part of the Draft Budget package, we have published, once again, a table setting out how our budgets are aligned to the Programme for Government outcomes.

Budget Priorities

Whilst we cannot prevent budget reductions, a sustainable development approach has helped influence how we manage them. That is why we have prioritised activity that improves outcomes, reduces the impact of negative

outcomes on the people and communities of Wales and also considered how we can reduce the demand on public services in the future. This preventative approach underpins all of our spending plans. The principles of focusing on prevention is a fundamental requirement for taking a sustainable approach to such decisions, alongside the need to look to the long term, engagement and involvement of people and communities and better integration so that we make the connections between the economic, social and environmental challenges Wales faces.

In this context, our decision to protect funding for the NHS is crucial and we are allocating additional funding of £420m over the next two years for the NHS in Wales. Health spending is vital to the longer term health and wellbeing of the people of Wales. In line with the principles of sustainable development, we recognise that it is better to keep people fit and healthy than to use resources to repair avoidable problems.

Delivering our priorities in the face of reducing budgets requires a whole new approach in cross–portfolio working, both across Government but also across the wider public sector, to deliver the outcomes we want to see for Wales. To support this, we have adopted a thematic approach in preparing our plans, shaped around Growth and Jobs, Educational Attainment and Supporting Children, Families and Deprived Communities.

Growth and Jobs

Wales Infrastructure Investment Plan – we are allocating additional capital funding of £552m over the next two years to support the priorities in the Wales Infrastructure Investment Plan. This includes funding to support housing, roads, economic development and to improve public services providing for a more integrated approach to those activities that impact on our economy, society and environment.

Jobs Growth Wales – we are continuing to invest in Jobs Growth Wales, which is a Five for a Fairer Future commitment, with £12.5m of Welsh Government funding in each of the next two years. This investment will be

supported by match funding from the European Social Fund (ESF) and will extend the three year programme into 2015–16. This programme is key in helping young people develop the skills and experience they need for long term, sustainable employment which has the potential to build economic capacity and reduce poverty.

Apprenticeships – we have protected the additional investment of £20m we announced in the Draft Budget 2013–14 to support Apprenticeships across Wales. This funding has now also been extended to 2015–16 where £20m has been allocated to support progression at all levels of apprenticeships. This will help support young people to gain meaningful employment, which will benefit their employability and reduce poverty in the long term.

Employer Support Grant – we are also extending our support programme for disabled former Remploy workers in Wales through the Employer Support Grant (ESG), which aims to help eligible displaced Remploy workers find new work.

The support package will be funded with up to £2.4m in 2014–15. In supporting these job opportunities for disabled people in Wales over a four year period, we help to ensure an inclusive and productive workforce that is sustainable.

Educational Attainment

Schools – in this budget we are maintaining our protection for schools budgets. This investment is about ensuring that we equip the young people of today to be the best citizens that they can be tomorrow. It is about allowing them to fulfil their potential and to play a full part in the economy and communities of Wales and is a long term investment in all of our futures.

Supporting Children, Families and Deprived Communities.

Flying Start – we are allocating additional funding of £10m over the next two years, including £6m capital (£4m in 2014–15 and £2m in 2015–16)

and £5m resource in 2015–16. The flagship Early Years programme for families with children who are under 4 years of age is targeted in some of our most deprived areas in Wales. This puts into practice the preventative principle of sustainable development.

Communities First (CF) Programme – this is now a Community Focused Tackling Poverty Programme with a consistent remit to support the most disadvantaged people in the most deprived areas of Wales. 52 CF Clusters have been established and over £75m has been awarded from the Communities First programme for the period to March 2015. The CF programme is structured around three outcomes: prosperous communities; learning communities; and healthy communities. The CF budget is also supporting a range of key "programme bending" actions. These jointly funded programmes include: work with schools through the Pupil Deprivation Grant to improve the educational attainment of children in CF areas; Health Services to deliver Over-50s Health Checks; Jobcentre Plus to make employment advice more accessible.. In total, just under £4m will be available to support these actions in 2014–15.

Community Support Officers – we are maintaining funding to support 500 additional community support officers on the beat with a budget of £16.8m in 2014–15 and 2015–16. The involvement and engagement of people and communities in the place that they live is an integral part of taking a more sustainable approach, and it will make a significant contribution to delivering our commitment to reduce the level and fear of crime through preventative spending.

Universal Benefits – we are committed to maintaining our universal benefits in Wales, which includes free prescriptions, free swimming, free breakfasts and milk, free concessionary travel. Free prescriptions help make sure that people are able to take the prescriptions that they need to manage medical conditions. It helps them plan a role in the economy and prevents more expensive health treatments down the line. Free concessionary travel is about independence and mobility. Free breakfasts are part of our investment in the health and education of our young

people. Free swimming helps to improve the levels of participation in sport and increases the overall levels of physical activity across Wales' population, to deliver the health benefits this brings and in order to address the health inequalities between the most economically disadvantaged and better off sectors of society as highlighted in the Tackling Poverty Action Plan.

Legislation

Sustainability lies at the heart of the Welsh Government's legislative programme. Taken as a whole, the programme will promote the economic, social and environmental wellbeing and enhance people's quality of life in Wales for now and for future generations. It is about defining the long term development path for our nation. It means healthy, productive people; vibrant, inclusive communities; a diverse and resilient environment and an advanced and innovative economy. The legislative programme provides new powers, duties and institutional capacity to advance our goals of building a sustainable Wales. An emphasis on making changes for the long term is central to a number of our already enacted and forthcoming legislative proposals.

Future Generations (Wales) Bill

In the Programme for Government the Welsh Government committed to legislate to embed sustainable development as the central organising principle of devolved public service organisations in Wales, and to establish an independent sustainable development body.

The Future Generations (Wales) Bill is being developed to future-proof our communities so that they and the people who live in them are protected from pressures that threaten their viability and survival. What we want to see is that when meeting pressing short term needs, such as mitigating the impact of economic and fiscal pressures and supporting growth and jobs, that organisations make every effort to safeguard the long term interests of the people of Wales, addressing intergenerational challenges such as

health inequalities, raising skills and mitigating the impact of climate change.

The Welsh Government is committed to bringing forward a Bill in this Assembly term and in developing the proposals for the Bill the Welsh Government has engaged and consulted with a wide range of stakeholders since this commitment was made.

I will be updating Members shortly on the Future Generations Bill as we move towards the introduction of the Bill in Summer 2014.

Next Steps

The Welsh Government is committed to assessing the impact of our spending decisions on the people of Wales. There are a number of different impact assessments we currently undertake including equality, children's rights, socio-economic disadvantage, and Welsh Language – these all contribute to our wider understanding of the sustainability of our decisions.

Our level of experience with each of these varies greatly but we are committed to building on our experience to improve our impact assessments each year. Within the context of the proposed Future Generations (Wales) Bill, we are also taking steps to move towards a more integrated approach to impact assessments, under the umbrella of sustainable development, and will look to build on this in future budgets.

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