

## Climate Change, Environment and Rural Affairs Committee

**Date:** 08 November 2018

**Time:** 11:15 – 12:45

**Title:** Evidence paper – Draft Budget 2019-20  
Cabinet Secretary for Energy, Planning and Rural Affairs

### Purpose

1. This paper provides information to the Climate Change, Environment and Rural Affairs Committee on the Energy, Planning and Rural Affairs (EPRA) (MEG) proposals outlined in Draft Budget 2019-20, published on 23 October. It also provides an update on specific areas of interest to the Committee.

### Background

2. The draft budget 2019-20 provides a one year plan for revenue investment and a two year plan for capital investment. The tables below provide an overview of the Energy, Planning and Rural Affairs (MEG) as published in Draft Budget 2019-20.
3. The draft budget figures are summarised as follows:

EPRA MEG			£m
EPRA Summary	2018-19 First Supp' Budget £m	2019-20 Draft Budget £m	2020-21 Draft Budget £m
Resource DEL	245.820	257.510	
Capital DEL	105.634	106.756	94.836
<b>Total DEL</b>	<b>351.454</b>	<b>364.266</b>	
Resource AME	2.400	2.400	
Capital AME	0.00	0.00	
<b>Total AME</b>	<b>2.400</b>	<b>2.400</b>	
<b>Total – ERA MEG</b>	<b>353.854</b>	<b>366.666</b>	

4. To enable a like for like comparison of the 2018-19 budgets at 1<sup>st</sup> Supplementary with the 2019-20 draft budgets, the attached Budget Expenditure Line (BEL) table will detail all of the movements from both MEG to MEG and Intra MEG changes.

## 2019-20 Draft Budget – Resource

5. There has been a net increase of £11.690m (4.7%) to the EPRA Resource budgets, comprising an increase of revenue of £3.184m and non cash of £8.506m. This includes the changes actioned as part of the 2018-19 and 2019-20 two year budget process undertaken last year and recent changes which were approved by Cabinet during July and September 2018.
6. The revenue changes are shown below in the table which reconciles the 2018-19 1<sup>st</sup> Supplementary budget to the current draft budget for 2019-20.

Summary Resource Budget Changes	2019-20 Draft Budget £m
<b>Opening Budget (2018-19 1<sup>st</sup> Supp)</b>	<b>245.820</b>
Tfr to LG MEG for Holyhead Environment Pollution	(0.010)
Changes made last year to 2019-20 budgets	
Non Protected Savings	(14.198)
Reductions Specific Grants	(2.945)
Innovative Flood Funding	2.400
Protected Waste Funding	4.684
Plaid Cymru – Farm Entrants	2.000
Plaid Cymru – Deposit Scheme	(0.500)
Prosperity For All Allocation	5.000
Air Quality Consequential	0.600
Changes during 2019-20 Budget (see details below)	
Waste Crime Consequential (July Cabinet)	0.296
Natural Resources Wales (July Cabinet)	0.700
National Parks (July Cabinet)	0.473
Waste and WRAP (Sept Cabinet)	4.300
Marine EU Transition Funding (Sept Cabinet)	0.660
Non Cash Adjustments (Sept Cabinet)	8.506
<b>Closing Baseline Draft Budget for 2019-20</b>	<b>257.510</b>

7. In July, Cabinet considered and approved indicative allocations for 2019-2020 as a consequence of Budget bilaterals with Cabinet members, firstly focusing on the wider context of the Budget; the alignment with *Prosperity for All* and the principles within the Well-being of Future Generations Act, and latterly the areas of policy and public pressures faced by Ministers.

8. As part of the 2018-19 final budgets, £36m additional funding was allocated across Welsh Government for 2019-20 to support *Prosperity for All*. The Cabinet also agreed additional funding from revenue reserves to reduce the impact of previous reductions, support areas of pressure that were not previously known about, pressures as a result of action by the UK Government, or areas of public sensitivity. The table below reflects the allocations agreed for EPRA MEG:

<b>Revenue (July Cabinet)</b>	<b>2019-20 £m</b>
<b>Energy, Planning and Rural Affairs</b>	
Waste crime (Consequential)	0.296
National Park Authorities (previous reduction)	0.473
Natural Resources Wales (Pay Consolidation)	0.700

9. In September, the Cabinet considered further allocations for the 2019-20 draft budgets. Where EU Transition Fund project proposals have been agreed as part of tranche one or tranche two, funding has been allocated from reserves to the relevant MEGs. The Cabinet Secretary for Finance has proposed to retain funding for the majority of tranche two projects in reserves while the funding profiles are agreed and it is expected that allocations will be made in the final Budget. The Cabinet also agreed in September to earmark £11.5m in reserves in 2019-20 for internal staffing requirements for Brexit. This will be allocated to the Central Services and Administration MEG in the first instance.
10. Additionally, an extra £4.3m for the Energy, Planning and Rural Affairs MEG to restore funding for the waste programme and the Waste and Resource Action Programme (WRAP) Cymru to maintain resource efficiency and development of the circular economy

<b>Revenue (Sept Cabinet)</b>	<b>2019-20 £m</b>
<b>Energy, Planning and Rural Affairs</b>	
EU Transition Fund 1 <sup>st</sup> Tranche - Transforming Government Fisheries Management Systems	0.310
EU Transition Fund 1 <sup>st</sup> Tranche - Supporting Welsh Fisheries and Aquaculture Sectors	0.350
Waste Specific Grant to Local Authorities – Reversal of previous cut	2.800
Waste – Funding to WRAP for waste recycling programme	1.500

## 2019-20 Draft Budget - Capital

11. The Welsh Government allocated the majority of capital budgets at the outset of the planning period during 2017-18, providing long term certainty and flexibility to manage the Government's investment in line with priorities. For EPRA, there has been a net increase in the capital budget of £18.975m in 2019-20 comprising two transfers from reserves approved by Cabinet in July and September.
12. In the July Cabinet, the Cabinet Secretary for Finance announced some early decisions around capital investments flowing from Wales' UK Budget consequential ahead of the final Budget debate in January. The criteria used to underpin allocations decisions are investment to release revenue savings, investment to deliver our *Prosperity for All* commitments and investment in decarbonisation.
13. In September, the Cabinet agreed further capital support for recycling and the Collaborative Change programme of £7.5m in each of 2019-20 and 2020-21 to help local authorities with their change programmes and maintain Wales' strong record in waste management and recycling and our decarbonisation priority.

Capital	2019/20 £m	2020/21 £m	Comments
Air Quality	6.475	2.815	Consequential
Waste and CCP	5.000	5.000	July Cabinet
Waste Recycling	4.500	4.500	Sept Cabinet
Waste CCP	3.000	3.000	Sept Cabinet
<b>Total Additional</b>	<b>18.975</b>	<b>15.315</b>	

## 2019-20 Draft Budget – Intra-MEG Movements

14. As part of my budgetary review, I have re-allocated and prioritised a number of budgets to ensure that I have the right balance of investment across my portfolio to support the National Strategy "*Prosperity for All*" priorities. These are detailed below.
15. Last year, work commenced to co-design the future environment grants to be made available to the Third Sector. In April 2018, I agreed to the creation of a single environment grant scheme, merging the former Environment Core Grant, Local Authority Single Revenue Grant and the Green Infrastructure Capital Grant into one project based scheme.
16. This new Scheme, "*Enabling Natural Resources and Well Being grant*" is a move away from the previous separate sector grants towards a more collaborative grant, the focus on project funding.

17. Therefore, elements of the previous Grant which was represented across a number of BEL's, will now transfer to one BEL for the new Grant. The movements are:

<b>Enabling NR Funding (Source)</b>	<b>2019-20 £m</b>
LEQ (BEL 2191)	(2.990)
Biodiversity & Nature Conservation (BEL 2824)	(0.543)
Evidence (BEL 2818)	(0.080)
Forestry (BEL 2827)	(0.100)
Delivery Support (BEL 2192)	(0.264)
Natural Environment (BEL 2825)	(0.227)
EQR (BEL 2817)	(0.070)
<b>New Enabling Natural Resources BEL - Revenue</b>	<b>4.274</b>
Green Infrastructure (BEL 2808)	(2.073)
<b>New Enabling Natural Resources BEL - Capital</b>	<b>2.073</b>

18. I have also taken this opportunity to allocate the £5m revenue funding which was allocated as part of last year's budget process specifically for PFA priorities. All remaining intra-MEG movements were budget re-alignments to better improve transparency or where responsibilities have been moved within the portfolio.

<b>Revenue</b>	<b>2019/20 £m</b>	<b>Comments</b>
<b>PFA Funding</b>	<b>(5.000)</b>	<b>PFA Funding allocated during 2018/19</b>
Food – HCC (BEL 2970)	0.500	To Fund a 3 Yr. Export Programme
Marine & Fish (BEL 2870)	0.350	Marine Plan
Marine & Fish (BEL 2870)	0.600	Offshore Nature Conservation Areas – Function Transfer
Marine & Fish (BEL 2870)	0.600	Additional Vessel Crew – Brexit Requirements
Rural Development Plan	2.950	RDP Revenue Profile for 19/20

## **Approach**

19. I have had to make difficult decisions about how to spend my budget next year. I have approached the budget preparations by looking at the evidence of needs and pressures in our priority areas in our National Strategy – Prosperity for All. This approach is reflected in my decision to invest in and protect our public services and preventative programmes and to balance short-term and long-term needs.
20. 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.

## **Prosperity For All**

21. Prosperity for All (PFA) will be central to the implementation of the Well-being of Future Generations Act and showing how our plans are aligned to delivery of the strategy. I have reviewed my budgets in line with the five PFA priorities and the ongoing contribution my portfolio makes to these.

## **Housing**

22. We are working collaboratively with Housing colleagues and Local Authorities to incorporate Housing Health & Safety Rating System (HHSRS) checks into the process for the Warm Homes Nest scheme for applications to improve private rented homes. This should help improve the quality of private rented housing, making them safer and warmer for tenants.
23. We are also working within Housing colleagues to improve links between Welsh Government Warm Homes and the Home Improve Loans scheme to help householders to identify the most appropriate scheme or service for their needs.

## **Skills and Employability**

24. We will explore how we can invest in the skills Wales will need to be competitive in a decarbonising global economy, supporting sustainable growth and innovation which will deliver a low-carbon and resource-efficient economy.

25. I have met with the Minister for the Welsh Language and Lifelong Learning to discuss the new shared apprenticeship model which will include apprenticeships in farming and woodland management. In the first instance, the scheme will focus on creating opportunities for young people living in the Valleys Taskforce Areas.

### **Early Years**

26. My officials will work to ensure that the cross cutting elements of the National Resources Policy help to inform the development of the new Areas of Learning and Experience (AoLE's) Development.

27. Work is currently considering evidence from a wide range of relevant stakeholders and experts including input about citizenship, management of natural resources and the potential of the natural environment to support children and young people's physical and mental well-being.

28. We will look at ways to further improve nutrition and expand the market for Wales' high quality food and drink, through provision of healthy, lower carbon food to schools and hospitals.

### **Mental Health**

29. We are looking activity to ensure our communities benefit from healthy environments, by identifying opportunities to take actions that improve respiratory conditions, inactivity and mental health. The first area of focus was – delivering urban green infrastructure.

30. I have written to the Cabinet Secretary for Health and Social Services about the benefits of Increasing access to green spaces and providing community facilities to bring people together is highlighted as a 'best buy' to prevent mental ill health and improving mental well-being by Public Health Wales.

### **Social Care**

31. 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. These findings support our decision to extend the eligibility criteria for our scheme to include householders on low incomes who have a respiratory or circulatory condition.

## **Preventative Spend**

32. Although it is difficult to specify the proportion of our budgets which are preventative, below are specific examples of preventative measures within our portfolio:
33. Tackling the legacy of poor health outcomes clearly requires individuals to take greater responsibility for their lifestyles. Among other Government levers, providing corridors for walking and cycling is a proven action that can be taken to directly address respiratory conditions, obesity and mental health problems. Provision of green infrastructure has been highlighted by Public Health Wales as one of the most cost effective measures that can be taken by Government in improving health outcomes.
34. Our investment in Flood and Coastal Erosion Risk Management is vital to alleviate risks and reduce the likelihood of major economic losses following flooding. Recent research shows that an investment of £100m reduces risk for 7,000 homes and business, protects over 14,000 jobs and creates over 1,000 jobs. Additionally, spending money on maintenance reduces the risk of asset failure.
35. Within the Waste budget, the support provided via the Collaborative Change Programme (CCP) is time limited and intended to result in local authorities having lower costs of waste and recycling services. By 2020 all local authorities will have had the opportunity to receive support to reduce costs.
36. The most effective way in which we can tackle fuel poverty in the long term is to improve the energy efficiency of homes. 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. Wales has 1.4 million homes across a wide range of housing types with 30% of households in Wales estimated to be in fuel poverty.
37. The ultimate outcome is the successful eradication of bovine TB, and this will bring with it a reduction to Welsh Government in TB Eradication spend and TB Compensation spend and associated costs, as well as a reduction to the consequential losses faced by the industry, thereby boosting the Welsh economy.
38. Our continued investment into Green Growth Wales shows how our innovative thinking is making budgets go further across Welsh Government. We are making investments which not only reduce emissions, but enable cash savings by public bodies spending less on their energy bills. It focuses in infrastructure projects which will reduce carbon emissions, including renewable energy generation, resource efficiency, and energy from waste projects.

39. Finally, the new Enabling Natural Resources Grant programmes. All applications for funding are required to set out how the activity being proposed will contribute to prevention in clear terms and how they have been applied in the design of the project and will be applied in delivery.

### **Wellbeing of Future Generations**

40. I have prioritised the long term investments in flood risk and energy efficiency/fuel poverty which make the most significant contribution across the well-being goals. I have also allocated new capital funding to green infrastructure and the circular economy which reflects the focus in the goals on increasing resilience and building a low carbon society.
41. 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.
42. The Green Infrastructure Fund has been designed to reflect the requirements of the Well-being of Future Generations Act. Organisations are required to produce their grant applications with clear reference to how they will deliver against the Well-being of Future Generations Act goals and principles and in doing so, demonstrate the delivery of multiple benefits.
43. With regards to our Enabling Natural Resources grant, work commenced to co-design the future grants to be made available to the third sector. Co-design events were held with key stakeholders and the knowledge gained was used to inform the progress of the grant
44. NRW have published their Well-being Statement, setting out seven well-being objectives. These well-being objectives have formed the basis of their Corporate Report for 2017-2022.
45. NRW's priorities will be to develop their organisation and change how they work – adopting the sustainable management of natural resources and its associated principles and the five ways of working from the Well-being of Future Generations (Wales) Act.

### **Evidence Based Policy Making**

46. In order to develop policies that build social, economic and environmental resilience and to evaluate policy impact, we procured the Environment & Rural Affairs Monitoring and Modelling Programme.

47. The Environment & Rural Affairs Monitoring and Modelling Programme (ERAMMP) is building on the success of the Glastir Monitoring and Evaluation Programme. It will establish a key evidence base informing Well-being of Future Generations indicators, the State of Natural Resources Report (SoNaRR), the Natural Resources Policy and the Decarbonisation Programme.
48. The ERAMMP contract is now in place and the programme is successfully delivering a series of year 1 activities and planning for year two and three field survey. The ERAMMP has secured £1.3 million external aligned funding relative to a Welsh Government investment of £3.6 million. Robust governance structures are established and functioning and predicted spend is in line with allocated budget for this financial year.
49. Another example is the National Strategy for Flood and Coastal Erosion Risk Management which sets out the objectives for the management of flood and coastal erosion. There is a good level of evidence from existing flood risk maps (for river, coastal and surface water flood risk), Flood Risk Management Plans, local strategies, the National Flood Risk Assessment and the Communities at Risk Register.
50. In addition, stand-alone studies such as the Future Flooding in Wales report and the Wales Coastal Review help to clearly set out the need for sustained investment and the increasing risks associated with flooding and climate change.

### **Equality, Welsh Language and Children's Rights**

51. After reviewing the key changes above, 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.
52. The results from the impact assessments show that there are no disproportionate impacts on the identified groups due to these budgetary decisions.

### **Welsh Language**

53. The Welsh Language (Wales) Measure 2011 and proposed Standards require us to do the following three things:
1. Consider the effects or impacts of our policy decisions on the Welsh language (both positive and negative)
  2. Consider how to increase positive effects, mitigate or reduce adverse effects and take all opportunities to promote the use of Welsh

3. Seek views on the effects on the Welsh language when engaging or consulting and to seek the view of Welsh speakers and users of the language.

54. As part of the Integrated Impact Assessment process, we have considered the impact of our budget decisions on the Welsh Language, and have identified no significant impacts on the provision of Welsh language services.

### **Children's Rights**

55. 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.

56. 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.

57. 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.

### **Withdrawal From the European Union**

58. Brexit is going to mean we all have to do things in a fundamentally different way and even with the two year transition deal, time is tight. Wales has deep experience in food and agriculture, with a substantial number of protected and designated products as a result of our ability to combine traditional farming methods with innovation and technology.

59. We will continue to work jointly with our stakeholders, across and within sectors, to understand the implications of Brexit and how we might, collectively, address them. We are engaged in UK wide discussion on future frameworks to ensure a clear voice for Wales and to ensure Wales is a key part of UK positioning.

60. In terms of EU funding for my portfolio, Wales currently receives around €370m of EU agricultural funding every year, through direct payments and the Rural Development Programme. Discussions are underway with HM Treasury to agree the level of funding and UK frameworks to be put in place, in parallel to any negotiations taking place with EU.
61. Complexities include having to consider the 'no deal' and 'negotiated exit' scenarios; a HMT review of the definition of 'Farm Support' and recent HMT draft guidance proposing how the UK Government funding guarantee and Conservative manifesto commitments are expected to be implemented, through to 2022.
62. Wales continues to make all necessary preparations for either eventuality and expects to continue to deliver agricultural support to Welsh farmers efficiently, effectively and on time.

### **New Land Management Programme for Wales**

63. Our future trading relationship with the EU and rest of the world is subject to significant uncertainty but change is very likely. Continuing current support does not equip or enable land management businesses to operate in global markets. We need to provide support in a better way if we are to withstand the challenges from Brexit.
64. The way we support land managers needs to change after Brexit. Support provided under the Common Agricultural Policy (pillars 1 and 2) will be replaced with a new Land Management Programme – the Basic Payment Scheme will therefore come to an end
65. We are currently out for Consultation for a new Land Management Programme will replace the CAP in its entirety. The Programme as proposed consists of two over-arching schemes: the Economic Resilience scheme and the Public Goods scheme.
66. The Economic Resilience scheme will provide targeted investment to both land managers and their supply chains. The scheme will provide support to increase market potential, drive improvements in productivity, diversify, improve risk management and enhance knowledge exchange and skills. In doing so, it will help businesses to stand on their own two feet.
67. The Public Goods scheme will provide support to deliver more public goods from the land. In return, it will provide a new income stream for land managers and make a significant contribution to addressing some of our most pressing challenges such as climate change, biodiversity decline, adverse air quality and poor water quality.
68. To underpin both these schemes we believe there is a good case for fairer, simpler and more coherent regulation.

69. The Programme marks a significant change. Land managers can adapt but it is government's role to support change. We therefore propose a Phased Transition Plan to move from old to new schemes. Our ambition is to complete reform by 2025. We will use existing, high-performing Rural Payments Wales systems as the administrative basis for schemes and seek simplification of process wherever possible.
70. The consultation sets out the case for change, the five principles for future support and a broad outline of future support schemes. The proposals have benefited from significant stakeholder input via the Cabinet Secretary's Roundtable and in particular the land management sub-group.
71. This is the start of the consultation process. The consultation will close at the end of October 2018. The results will help develop further detail for another paper which we intend to publish for consultation in spring 2019.

### **UK Fisheries Bill**

72. Officials are working closely with UK Government and the other Devolved Administrations on the shape of a future UK Government Fisheries Bill. As the First Minister has made clear: we expect powers flowing from Europe, in Devolved areas, to flow directly to the Wales.
73. My officials are working through likely additional functions we may need to pick up as we exit the European Union. These largely relate to Control and Enforcement, Science, Policy, International work and Legislation. I will consider options for these additional functions in the near future as part of prioritising financing across my portfolio.
74. The Committee will be aware I am investing £7m in a fleet of new vessels to lead the enforcement challenge in our seas and are now nearing operational status.

### **A new environmental governance body and environmental principles**

75. We are currently in the process of consultation; the outcome of which would assist in the consideration to introduce a body for Wales. However in the meantime, discussions are progressing with the UK Government to determine whether a UK approach will be appropriate.
76. With regards to cost, it is too early to detail the costs; however, the model for setting up the Well-being & Future Generations Commission would be used as a comparison when such a body is created.

## Brexit Resourcing – EU Transition Fund

77. On 18 June the First Minister announced some of the first projects which will receive part of the £50m EU Transition Fund. The fund is part of our Brexit plans to directly help businesses and public services for the significant changes on the way.

78. Funding has been secured from the fund to invest, initially, in four project proposals from the Energy, Planning and Rural Affairs portfolio:

- Benchmarking for the red meat sector which will replicate the successful work, we carried out with the Dairy sector in Wales, through the Dairy Conditional Aid project. It will support 2,000 beef and sheep farmers to benchmark their financial and technical performance in order for them to identify areas of their business which could be improved.
- Work around import substitution. We know there will be opportunities for import substitution to secure more of our food and food ingredient supply chains within Wales and the UK.
- Transforming Government Fisheries Management Systems for EU Exit, will support internal readiness work, to develop new fisheries export certification systems and provide the science which will underpin our future fisheries management.
- Work around supporting Welsh Fisheries and Aquaculture Sectors (£0.440m) will allow Welsh Government to support fisheries and aquaculture businesses to adapt to the significant changes ahead.

<b>Proposal</b>	<b>2018-19 £m</b>	<b>2019-20 £m</b>
<b>Tranche 1</b>		
Red Meat Benchmarking	2.150	
Import Substitution	0.100	
Transforming Govt Fisheries Mngt	0.080	0.310
Supporting Welsh Fisheries and Aquaculture	0.090	0.350
<b>Tranche 1 Total to be added to Budget</b>	<b>3.320</b>	<b>0.660</b>

79. Further proposals are currently being progressed as Tranche 2 funding to address the challenges of Brexit which face businesses across many sectors.

## Internal Brexit Resourcing

80. Alongside the UK Spring Statement it was confirmed that WG of the £3bn over two years announced by the UK Government for Brexit preparedness is £20.7m in 2018-19. Part of this will be used to fund the external Fund highlighted above. Details of the consequential for 2019-20 should follow by the end of the calendar year, this is expected to be a similar amount to 2018-19.
81. The demands of Brexit on my portfolio are very high. Almost all the areas of policy responsibility are governed by EU legislation and so require legislative, operational and policy making work to ensure we are able to continue to deliver policy, support ongoing trade and protect public, animal, plant and environmental health going forward.
82. Last financial year I approved up to 50 new posts to support Brexit work which would be funded from my existing budgets. To date 35 of these posts have been filled and further recruitment is underway. This has been supplemented by extensive reprioritisation of work to give capacity to manage immediate Brexit processes and negotiations. This has allowed us to establish clear Brexit programmes of work on legislation, operational and industry readiness and for major future policy design as well as engage in the detailed policy deep dives and framework development.
83. The existing resources, even with 50 extra staff already identified, are insufficient to carry out these tasks. There will need to be a burst of activity over the next 2½ years up to the end of 2020 to put in place the necessary framework and systems for the post Brexit world. However, I would not be able to fund any additional Brexit related staff
84. The First Minister has recently agreed a ring-fenced programme budget within the Central Services and Administration MEG to fund 200 additional posts across WG to help us manage negotiations within the UK, prepare for the operational implications of leaving the EU and develop post-EU common frameworks.
85. This additional funding has been made available from the £20.7m Brexit-related consequential that was confirmed earlier this year; allocated on a time-limited basis for financial years 2018-19 and 2019-20 only. For my portfolio, I have secured additional funding for 144 Brexit posts out of the approved 200 posts, some of which will need to be recruited externally.
86. The recruitment process has started and we are currently resourcing senior level staff as a priority. We will then recruit by providing opportunities for staff development, loans from other parts of the UK Civil Service and external fixed term recruitment.

## **Legislation**

87. The budget continues to take account of our current legislative programme. Assessing the costs of legislation and the impact on those it affects is an essential part of the policy development process. I recognise every new commitment in this MEG will have to be paid for from across my portfolio budget.
88. This is why every bill is subject to a robust assessment of costs and benefits, achieved through consultation and engagement with our stakeholders in the development of the regulatory impact assessments prepared for Government Bills. This is to ensure our decisions are informed by the people who will be affected by them.
89. Steps are being taken to improve the clarity and consistency of RIAs but changes to the bill during scrutiny and other factors will inevitably result in some variances between estimated costs at the published RIA stage and actual costs during implementation. In accordance with the commitment given by the Cabinet Secretary for Finance to the Finance Committee, a year on year table showing the cost of legislation falling to the Welsh Government was provided at Annex C of the detailed draft Budget published on 23 October.

## **Legislation resulting from Brexit including Statutory Instruments'**

90. The Inter-governmental Agreement between the Welsh Government and UK Government sets out those future common frameworks with a legislative underpinning may be necessary in 24 areas, either in whole or in part. Most of these 24 potential framework areas are within my portfolio, including several relating to agriculture.
91. A further stage of UK-wide discussions on the development of these legislative frameworks is now likely to start in order. The discussions will need to build on the initial series of meetings that were held with the UK Government and Devolved Administrations to explore what frameworks might be needed.
92. The UK Agriculture Bill will establish a legislative framework for specific aspects of agricultural support across the UK and also legislate for future CAP delivery in England.
93. There is scope to include powers for Welsh Ministers within the UK Bill. We are considering whether to include such powers as a stop gap until we bring forward primary legislation in Wales. Our ambition is to do so before the end of this Assembly term.
94. A programme of secondary legislation will amend deficiencies in over 800 pieces of legislation, which derive from the EU. This programme of

correcting legislation is necessary to ensure a functioning statute book on exit from the EU. All Welsh legislation implementing EU obligations will be amended by Welsh correcting legislation and work is on-going with the UK Government on where UK EU Exit SIs can correct deficiencies in legislation, which apply in Wales.

## **Environment Act**

95. Devolution has allowed Wales to develop a distinctive legislative base through the Environment Act, which sets out the legislative framework for the management of Wales' natural resources, and the Well-being of Future Generations Act, which puts sustainable development at the heart of policy decisions in Wales. Both of these pieces of legislation enable us to do things differently to the rest of the UK, reflecting Wales' distinctive characteristics.
96. The Environment (Wales) Act sets out the purpose – the 'sustainable management of natural resources (SMNR)' - through legislation that will enable Wales' natural resources to be managed in a more proactive, sustainable and joined-up way to tackle the systemic issues for our natural resources and to optimise the benefits we receive from them for our well-being.
97. The implementation of all 7 parts of the Act is well underway. The Natural Resources Policy was published on 21 August 2017, marking a major milestone in the implementation of the Act.
98. The Environment (Wales) Act places a duty on the Welsh Ministers to ensure that in 2050 net emissions are at least 80% lower than the baseline set in legislation. This will be achieved through the setting of interim targets for 2020, 2030 and 2040 and 5 yearly carbon budgets up until to 2050. We have also announced an ambition for the Welsh Public Sector to be carbon neutral by 2030 and ambitious renewable energy targets.
99. We are aiming to consult on Part 4 Environment Act regulations next year. The regulations will require businesses and public sector bodies to keep key recyclables (including food waste) separate at source, and for them to be collected separately. They will also ban specified recyclable wastes from landfill and Energy from Waste and the disposal of food waste to sewer from commercial premises.
100. Part 6 of the Environment (Wales) Act 2016 (Marine Licensing) has been fully implemented, through the introduction of secondary legislation and the roll out of a new marine licensing fees and charges system in April 2017. A fit for purpose marine licensing system delivers sustainable development in our seas.

101. The Act included power to establish a Flood and Coastal Erosion Committee. The Flood and Coastal Erosion Committee for Wales Regulations came into force in July 2017.
102. The Natural Resource Policy (NRP) is part of a suite of delivery mechanisms. The legislation requires is sets out the Welsh Ministers' priorities, opportunities and risks for SMNR including what should be done in relation to climate change and biodiversity, and policies for contributing towards SMNR.
103. The Natural Resources policy's purpose is to set out how the collective impact of the relevant policies will address the challenges and opportunities associated with Wales' Natural Resources. This is in line with the long term policy direction that underpinned the Environment Act and as such any costs will be met from work already underway within the individual policy areas and can be managed within the reduced MEG envelope going forwards.
104. The table below details the costs of implementation against the forecast costs within the RIA. The Environment Act's forecast and actual implementation cost are different to the Environment Act's RIA in terms of timings and additional supporting pieces of work as the programmes have been developed further. The main additions are that we will need to develop the RIA and wider appraisal framework to support the regulations under a number of parts of the Act. A number of supporting regulations will need to be developed and laid.
105. To support the laying of the regulations an appropriate RIA and wider impact assessment will need to be developed (as outlined in the Environment Act's RIA). This will require additional costing. We will need to develop robust and credible evidence base to inform actions needed to ensure delivery.

<b>Title of Acts Implementation phase duration</b>	<b>RIA Estimated Costs for 2018-19 £</b>	<b>Forecast Costs for 2018-19 £</b>	<b>RIA Estimated Costs for 2019-20 £</b>	<b>Amounts set aside in Budget for 2019-20 £</b>
Planning (Wales) Act 2015	£83,595	£223,056	£140,468	£140,000
Environment (Wales) Act 2016	£75,000	£139,000	£15,000	£10,800

### **The Planning (Wales) Act**

106. The Planning (Wales) Act 2015 places a duty on the Welsh Government to prepare a National Development Framework (NDF) which will replace the Wales Spatial Plan.

107. A consultation was undertaken on the NDF Preferred Option between April and July 2018. 86 representations were received and these are being considered as part of the work to prepare the Draft NDF. Consultation on this will be held in July 2019.
108. The final NDF will be published, following Assembly consideration, in September 2020. The NDF is a high level 20 year strategic framework with Development Plan status. It will focus on supporting the delivery of national objectives and Government policy, including Prosperity for All.
109. The NDF will provide direction for regional and local decision makers, to ensure the planning system is aligned at all levels to work together to help achieve our objectives. It will also provide direction for regional Strategic Development Plans (SDPs) and Local Development Plans (LDPs) and they will have to accord with the NDF.
110. The NDF will provide a high level of certainty and help to co-ordinate public and private sector investment.
111. The RIA costs in the above table cover the implementation of the NDF and SDP provisions. The costs associated with introducing optional direct applications to the Welsh Ministers has not been included, as this is a one off cost generated when an LPA is formally designated as poorly performing. The RIA estimates this cost to be £96k per designation. No designations have been made to date. The RIA costs include staff costs where the actual / forecast costs do not, which explains a proportion of the variance between both costs shown in the table.
112. With the majority of the provisions in The Planning (Wales) Act 2015 having been implemented in 2016 and early 2017, the majority of the implementation costs to the Welsh Ministers in implementing the Act also occurred during this period.
113. During the financial year 2019/20 we will have produced the draft NDF, undertaken extensive stakeholder engagement on the draft and in all likelihood appeared before the Assembly Scrutiny Committee. The associated implementation costs to the Welsh Ministers during this period are estimated to be approximately £421k, which will include staff, consultation, engagement and publication related costs. These costs will be met from the Planning Directorate's allocated budget.

### **The Wales Act**

114. The Wales Act was implemented on 1 April 2018. This transferred responsibility for marine nature conservation, marine licensing and the Environmental Liabilities Directive in the off-shore area to Welsh Ministers.
115. The nature conservation work will include the management of 5 protected areas inherited from Defra plus the identification, designation

and management of new protected areas, as needed, to complete our contribution towards a well-managed ecologically coherent network. I have ensured I have increased the Marine and Fisheries budget to manage these costs.

116. Marine licensing work in the offshore area is likely to be minimal and should be cost recoverable and under the Environmental Liabilities Directive, the polluter or those who cause the damage should pay. I would not expect any significant additional resources to be required under these new responsibilities.
115. Natural Resources Wales, acting as the licensing authority on behalf of the Welsh Ministers, in the inshore area currently can recoup costs associated with determining marine licence applications and associated services.
116. The Wales Act proposes to devolve additional powers in relation to energy consenting in Wales. Our work in negotiating with the UK Government on these provisions and their implementation will be met through existing Departmental Running Costs and Programme budgets. The current policy intention is that future Welsh Government costs relating to the operation of the consenting arrangements to be introduced are to be recovered by an application fee.

### **Consultation on the Wild Animals in Travelling Circuses (Wales) Bill**

117. Last year I launched a public consultation on the introduction of a licensing or registration scheme for Mobile Animal Exhibits. I also asked for views on banning the use of wild animals in circuses. There was overwhelming support from respondents to the consultation for a ban. In February this year, I announced I was exploring opportunities to bring forward legislation to ban the use of wild animals in circuses.
118. In July, the First Minister made an Oral Statement on The Legislative Programme, announcing a Bill to ban the use of wild animals in travelling circuses would be brought before the Assembly in the next 12 months. The eight week public consultation on Wild Animals in Travelling Circuses (Wales) Bill was launched on Monday 1 October.

### **Natural Resources Wales (NRW) Allocations**

119. NRW continue to implement a major programme of Business Area Reviews to consider how they are structured to deliver their priorities. As published in their recent Business Plan, NRW have so far established savings to reduce costs and improved productivity in ways that will deliver more than £90m of benefits. There are many more opportunities to improve productivity and reduce costs as part of their Transformation plans.

120. Last year, I carefully considered the budget and priorities regarding NRW and given the transformational changes, the Invest to Save funding to support the changes, and the expected savings, I am unable to protect NRW from our revenue reductions required for 2018-19 and 2019-20. I have reduced the NRW Grant in Aid by 5% for 2018-19 and a further 5% in 2019-20. I will ensure that my officials will continue to work with NRW to help realise these savings.
121. However, I am aware of a number of pressures faced by NRW, and I have been successful in being allocated an additional £0.7m in respect of consolidation funding regarding the outcome of NRW Job Evaluation exercise. This will be added to NRW's funding for 2019-20. I will continue to review the financial pressures along with funding opportunities for NRW over the coming year.
122. NRW have made significant progress in a number of areas to establish their foundations and in particular have begun developing Natural Resource Management as our core approach to the delivery of all their responsibilities.
123. Additionally, their legislative responsibilities has also seen them working to implement the requirements of new legislation, particularly the Well-being of Future Generations Act (Wales) 2015, Environment Act (Wales) 2016, Planning Act (Wales) 2015 and the Historic Environment Act (Wales) 2016.

### **Additional Areas of Committee Interest**

#### **Air Quality**

124. The aim of the Clean Air Wales Programme is to reduce the burden of poor air on human health and the natural environment, and also the requirement to comply with European and domestic legislative obligations.
125. The Programme will develop and co-ordinate actions across all Government Departments to reduce emissions and deliver improvements in air quality, and to ensure that budget investments are joined-up and reflective the most efficient use of resources.

Specifically, the Programme will:-

- Establish long-term targets for the progressive reduction of emissions and pollutants in the air;
- improve the integration of air quality management across local authorities;
- Involve stakeholders in the development and delivery of the programme at all stages;

- Collaborate with relevant departments within Welsh Government, UK Government and at a local level to ensure well being objectives are met; and
- Prevent future increases in the impacts of emissions and pollutants on health.

126. On 22 August 2018, the Welsh Government established the Clean Air Programme Board. This Board will consider funding decisions and requirements to ensure effective measures are put in place to improve air quality and bring about a reduction in harmful pollutants.

### **Clean Air Plan**

127. In December last year the Minister for Environment announced in the Assembly the intention to publish a Clean Air Plan, along with complementary measures to deliver on the Plan and improve air quality in Wales. The Plan and associated measures were subsequently presented and discussed in Cabinet in January.

128. A cross-government approach is being taken to developing the plan, supported by a dedicated public health resource.

The Plan will:-

- Set out key pollutants and their affects on public health and the natural environment in Wales.
- Establish Wales-specific air quality pollution reduction targets.
- Set out short, medium, long term actions across a range of Welsh Government departments and sectors to achieve clean air in Wales.
- Set out actions to improve health outcomes.
- Establish a communication, engagement and education work-stream to encourage behavioural change to support air quality improvements.
- Define measures to achieve compliance with the European and domestic legislative requirements.

129. Consultation on a draft Plan will take place early next year, with the final Plan published later in the year.

### **Air Quality monitoring**

130. A significant Ministerial commitment is the establishment of an Air Quality Monitoring and Assessment Centre for Wales, to ensure decisions on tackling pollution are evidence-based and the associated actions are prioritised to maximise public health and well-being.

131. The provision of an enhanced understanding of airborne pollution in Wales, which is used to drive improvement, will support delivery of the Welsh Government commitment in the National Strategy: Prosperity for All, to build healthier communities and better environments.

132. The Centre will provide a clear opportunity for Wales to be a leader in delivering innovative and effective solutions to tackle air pollution, achieving clean air for all. Improved evidence on air quality and its relationship with associated environmental, public health and economic factors, is an important element of the cross-government Clean Air Programme and will support the delivery of the Government's national strategy and Economic Action Plan.
133. The fundamental need for an Assessment Centre, aside from driving improvements in levels of compliance with statutory limits in Wales, is to prioritise and sustain action to address the impact of poor air quality on human health (especially vulnerable groups, old and young), habitats and the economy.
134. I have received a number of UK Consequential funding to support this work, with £0.6m revenue in 2019-20 and £6.475m capital in 2019-20 and a further £2.815m capital in 2020-21.

### **Planning - Infrastructure Consenting Arrangements**

135. The energy consenting powers in the Wales Act 2017 are to be commenced by the UK Government on 1 April 2019. The short timescale provided by the UK Government has meant interim consenting arrangements will need to be in place for this date, which we are on course to deliver. Therefore, during the financial year 2019-20 the work to be undertaken will relate to the processing and determination of applications submitted by developers.
136. The costs associated with this work, which will predominantly be staff related, is proposed to be met by the applicant. Our current policy approach to the fees to be charged for such applications is to be based on the principle of full cost recovery.
137. Having recently consulted on the interim consenting arrangements, work is now underway to produce a package of subordinate legislation needed to introduce these consenting arrangements by 1 April 2019. The associated costs will be set out in the RIAs accompanying the package of subordinate legislation to be laid in front of the Assembly early next year.
138. During this period the Planning Directorate will also be processing and determining applications for consent under the Harbours Act 1964 (Harbour Revision and Empowerment Orders), which was devolved to the Welsh Ministers through the commencement of powers in the Wales Act 2017 on 1 April 2018. The cost associated with this work will again be staff related and met within the existing Planning budget. A proportion of this cost will be met by the developer through the fee which must accompany the application.

## **Bovine TB Eradication**

139. We are now nine months into our refreshed TB Eradication Programme, launched in October last year. The regionalised approach to TB eradication and policies, such as implementation of Post-Movement Testing in the Low TB Area and provision of Action Plans for persistent TB herd breakdowns are still bedding in and these actions will inevitably take time to work through to the statistics.
140. When it comes to reporting on progress with the TB Eradication Programme as a whole, we want to ensure we have the most meaningful disease statistics in order to provide the most complete disease picture. As such, I intend to make a statement on progress with the TB Eradication Programme in April 2019, when we have a complete calendar year (covering January-December 2018) picture of the disease. This will be consistent with the publication of the National disease statistics and will also coincide with the publication of the Quarter 4 2018 TB Dashboard.
141. It is important that we allow sufficient time for these measures to take effect before we draw any meaningful conclusions about the success of any single policy, although each policy is subject to ongoing review. No one measure will lead to TB eradication. This is why we have a comprehensive package of measures in place as we have set out in our Delivery Plan
142. Whilst I haven't changed the budgets for TB eradication and compensation payments for 2019-20, I expect to be able to manage this demand led programme within the overall Animal Health budget package. I do, though, acknowledge the potential pressure any outbreak would have on my budgets which would need to be managed across my portfolio should any costs breach the current budget.

## **Implementation of the refreshed Woodlands for Wales Strategy**

143. The Welsh Government's forestry strategy, Woodlands for Wales sets out our strategic direction for Welsh forestry and our long term vision keeps at its core our natural resources policy. There is a strong case for woodland expansion and good woodland management and the strategy describes the outcomes we want from our woodlands and how we will achieve them. We need to help the forest industry take advantage of Brexit and maintain the momentum in delivering our policies.
144. The Purpose and Role document published by Natural Resources Wales identifies the 10 key priorities for the Welsh Government woodland estate over the next 25 years, which support the principles of the sustainable management of natural resources as defined in the Environment (Wales) Act 2016 and will contribute to the outcomes in the forestry strategy.

## Implementation of the Commons Act 2006

145. Fundamental to the on-going implementation of the Commons Act 2006 in Wales, is the need to develop and introduce an electronic register of Common Land for Wales. It is being implemented through a rolling programme with substantial parts having already been brought into force.
146. The priority now is to implement the remainder of Part 1 of the Act including the creation of electronic registers to improve the accuracy of the records held and public access to them. The timetable for the remainder of Part 1 is being established to enable and mesh with the introduction of electronic registers.
147. The majority of the budget (Revenue & Capital) within the Commons Act BEL is to support the project to develop and introduce electronic registers for Common Land in Wales. The remainder is allocated for public interest applications under Sections 19 and 22 of the Commons Act 2006.
148. Introduction of electronic registers will make managing common land and village green data more effective, enabling more accurate and secure data, labour saving in local authorities and consistent national reporting through one common land and village green management system for Wales.
149. The “Discovery Phase” of the project, completed in July focussed on user research and engagement with stakeholders to identify business and user requirements. We now have an evidence based budget and road map underpinning our approach.
150. The proposed solution will transform user access to the registers allowing users to search and browse the registers on-line for the first time.
151. This project is an excellent example of working collaboratively with our partners and stakeholders to deliver. I am grateful to the Commons Registration Authorities across Wales and the members of the Commons Act 2006 Advisory Group for their engagement with the project to date.
152. The figures presented in the budgets for the 2019/20 and 2020/21 are based on the findings of the Discovery Phase report. These will be tested further through the procurement process (currently on-going) to secure a supplier to take forward the next phases of the project. The system scheduled to be in place by spring 2022.

19/20	20/21
Revenue: £0.315m	Revenue: (Est): £0.391m
Capital:	Capital:

£1.497m	£1.185m
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### **Nitrate Vulnerable Zone management**

153. A contract for the provision of agricultural and environmental advice, with an annual budget of £0.25m, is being awarded for 3 years from 1 October 2018. This contract includes the provision of a helpline for farmers within designated Nitrate Vulnerable Zones (NVZs) for advice and guidance on the regulatory requirements. The contract is also used to review and assess the effectiveness of the NVZ Action Programme and provide advice on measures to address agricultural pollution.
154. The NVZ helpline assists farmers in NVZs to comply with the regulations and, therefore, achieve the objectives of the approach to reduce nitrate pollution of watercourses. It is a statutory duty for the Welsh Government to review its implementation of the Nitrates Directive every 4 years and this budget is used to undertake such reviews. This budget is also used to inform policy on agricultural pollution issues across Wales, in related areas, such as the implementation of the Water Framework Directive and National Emission Ceilings Directive.

### **Flood and Coastal Erosion Risk Management**

155. Over the lifetime of this Government we will invest over £350 million (capital and revenue) in flood and coastal erosion risk management around Wales. This includes investment through the Coastal Risk Management Programme with local authorities from 2019/20 onwards to bring forward vital coastal schemes.
156. We are committing significant funds to support investment in schemes right across Wales. Ongoing investment is needed to best manage the risks faced, but clearly this resource also has to be prioritised effectively.
157. Work has commenced on a new National Strategy, setting the strategic direction for future management of flood and coastal erosion risk in Wales.
158. The Flood and Coastal Erosion Committee has been established as a consultative/ advisory body to provide advice to the Minister and Welsh Risk Management Authorities on all sources of flooding and coastal erosion. The Chair has been appointed and started a 3 year term on 1st September 2018. The next stage is to recruit the appointed and nominated members of the Committee, which will commence in the autumn.

159. The current revenue draft budgets will enable us to maintain the revenue funding allocations to NRW and Local Authorities. Whilst the revenue budget for 2019/20 shows an increase from the current financial year, this is to reflect the £2.4m to support the start of payments to local authorities against the Coastal Risk Management Programme.
160. The capital budget for 2019/20 shows a reduction of £7.5m from the current financial year. Last year's capital included an increase to develop a scheme at Stephenson Street in Newport and the progress work on schemes within the Coastal Risk Management Programme. The reduction reflects a return to previously agreed levels.

## **Animal Welfare**

### **Implementation of Animal Health and Welfare Framework**

161. The Wales Animal Health & Welfare Framework sets out our plan for continuing and lasting improvements in standards of animal health and welfare for kept animals, whilst also helping to protect public health, and making a contribution to the economy and the environment. They ensure that there is a recognised link between the Welsh Government, livestock keepers, other animal owners and industry representatives, covering the whole spectrum of animal health & welfare issues.
162. Current priorities include but not limited to Animal Health Planning (AHP), Antimicrobial resistance (AMR), Bovine Viral Diarrhoea (BVD) and Sheep Scab. I fully expect the current budget to be able to manage these priorities.
163. The AHP task and finish group report was submitted to the Framework group and has been accepted. We have recently shared the report with the organisations who have been successful in receiving the Wales RDP Strategic Initiative (SI) fund.
164. With at least 500 farms per month being tested outcomes of this programme are on track and extremely positive. With nearly half of all farms tested since 1st sept 2017, this is an excellent example of what can be achieved through increased collaboration and partnership working between vets, labs and farmers.
165. AMR has a high profile, which reflects the scale of the threat that it poses. Wales has potential to take the lead in some aspects of AMR control, through our Wales AH&W Framework, which includes AMR as one of its priorities. WG is actively contributing to the next 5 year, UK AMR Strategy, and, recently, now has both medical and vet, representation on the UK High Level AMR Steering Group, chaired by the UK CMO.

166. The group has agreed that there is now a real opportunity to build on this experience and use the BVD model of delivery to consider other “economic” animal diseases, for example sheep scab. The Wales Animal Health and Welfare Framework Group will continue to play a pivotal role where these diseases are concerned and will continue to work with industry partners and stakeholders to develop solutions.

### **Climate Change Adaption and Mitigation, Decarbonisation and Carbon Budgeting**

167. The Welsh Government Energy Service was launched on 11 October. The new Service draws together our expert energy project support and financing for the public sector (formerly Green Growth Wales) and communities (formerly the Local Energy Service). The change reflects the opportunity to better integrate energy project ambitions and realise the economic opportunities of creating a low carbon energy system.

168. The (former) Green Growth Wales service has operated for over three years and has achieved £55m investment over that period, including £28m in 2017/18 alone. This is in comparison to the £1m to £1.5m annual investment being made before the service was introduced.

169. Committing finance to public bodies enables them to deliver energy efficiency and renewable energy projects reducing carbon emissions, creating substantial financial savings and/or generating income.

170. Through the existing Green Growth Wales service, capital finance is made available to public bodies at zero interest on an invest to save basis for carbon saving projects, which must demonstrate sufficient savings to cover their costs in 8 years (repayment is allowed over periods up to 10 years to ensure public bodies see some cash savings immediately), at a cost of less than £200 per tonne of CO<sub>2</sub> emissions saved. Public bodies will make cash savings from these projects through reduced energy bills, and often from reduced maintenance costs.

171. The overall target of the public sector funding is to achieve savings of 2.5 million tonnes of CO<sub>2</sub> and £650m (undiscounted) financial savings over the course of two investment cycles of eight years each.

### **Progress towards Circular Economy**

172. The Welsh Government has set out its commitment to make Wales a Circular Economy in Prosperity for All and the Economic Action Plan. A Route Map for a Circular Economy is in preparation along with proposals for a revised waste strategy for consultation planned for Spring 2019.

173. The Welsh Government intends to transpose the new EU Circular Economy package. I have announced the setting up of a Circular

Economy Capital Investment Fund to help drive market demand for recycled materials in Welsh businesses particularly for plastics (£6.5m).

174. My officials have asked WRAP to make proposals for the operation of the fund starting next financial year.

#### **Implementation of the Control of Horses (Wales) Act 2014**

175. The Control of Horses (Wales) Act 2014 came into effect on 27 January 2014 following Royal Assent. A review of the Act was undertaken in 2017 in response to the commitment given at the time the Act was implemented to review 3 years after coming into force.

176. The introduction of the Act has raised public awareness and public perception of the issues and as a result this has raised the profile of this unacceptable behaviour with timelier reporting of incidents which in turn has enabled local authorities to act more quickly.

177. The Act is seen to be being used effectively in urban areas where there are established ongoing problems however in more rural areas it was considered that the Act had not been quite so successful.

178. The RSPCA noted there was a reduction in the number of horses considered to be at risk in Wales. The implementation of the Act had enabled local authorities to seek a resolution to the issues that had been problematic for many years, which included the successful prosecution of an irresponsible owner.

179. I understand Assembly members are interested in the costs arising from the anti social practice of fly grazing, however, establishing the exact costs attributed to fly grazing, straying and abandonment is not possible as resources are difficult to quantify and charitable and voluntary sectors are unable to give specific costs that they have attributed to each incident as it could be detrimental to the support and donations they receive from members of the public.

#### **Specific information on the allocation of resources within the following areas : Marine Branch (Marine Plan), Marine Conservation and Biodiversity Branch, and Marine Fisheries Policy & Operations.**

180. We are working on the first Welsh National Marine Plan (WNMP) which sets out Welsh Government's policy for the next 20 years for the sustainable use of our seas.

181. Following formal consultation on the draft WNMP earlier this year we are now working with our Stakeholder Reference Group to finalise the text

of the plan and ensure it can be easily understood by those who will need to take account of it.

182. We have established a technical advice group to look in further detail at tidal lagoon policy. The will consider evidence and policy relating to tidal lagoons from a marine plan perspective, including as part of a wider marine energy consideration.
183. We are also working with the other UK administrations that are developing Marine Plans around the Irish Sea through the establishment of the six administrations group. The group will meet regularly to share good practice and discuss cross-boundary issues.
184. In order to achieve the delivery of the first Welsh National Marine Plan, a draft budget of £0.428m has been allocated. Publication of the Welsh National Marine Plan is scheduled for 2019.
185. The Fisheries Operation Branch works with the fishing industry and stakeholders to ensure compliance with marine and fisheries related legislation across Wales and the Welsh zone. The main priorities are marine and fisheries enforcement, statutory data collection, fishing vessel licensing, administering permitted fisheries, fisheries science, conducting stock assessment surveys, delivering inshore fishery policy and running the Wales Marine Fisheries Advisory Group.
186. A draft budget of £0.742m has been allocated to achieve these aims. The majority of this allocation is used to support the enforcement of marine legislation but it also includes £0.215m for science related work and £0.118m to support specialist ICT.

### **Third sector grant funding within your portfolio - Enabling Natural Resources and Well-being Grant (ENRaW)**

187. We have recently redesigned our previous Environment Grant schemes, to ensure that they reflect the current policy, strategy and legislative requirements of Welsh Government. In light of recent changes and emerging evidence, we have now merged the previous separate grants for the Third Sector, Local Authorities and Green Infrastructure into one grant, now called the Enabling Natural Resources and Well-being Grant (ENRaW).
188. The new grant opened for applications on 7 September 2018 and is more clearly designed to reflect key themes within Prosperity for All and the clear link it makes between the natural environment and economic, social, cultural and environmental well-being. It also takes into account the sustainable development principle and five ways of working as set out in the Well-being of Future Generations Act. Specifically the grant supports the following areas within Prosperity for All, in line with our Natural Resources Policy for Wales:

- Delivering a tangible shift in the provision of health and care services into communities shifting the emphasis to well-being;
- Support a substantial increase in people’s physical activity through healthier lifestyles using Wales’ significant natural resources;
- Helping to create and upgrade local facilities that bring people together such as green space, helping communities to take ownership of local assets;
- Building the capacity of communities as places which support better health and well-being;
- Building a sustainable relationship with the Voluntary Sector, based on the outcomes we want to achieve for communities and the right funding model to deliver them;
- Supporting the delivery of social prescribing models.

189. There is a clearly evidenced link between developing provision of and access to green infrastructure and both preventing some health conditions and improving health and well-being i.e. preventing issues getting worse. The provision of green infrastructure and wider environment quality improvements provides a clear preventative value, supporting healthier and more active lifestyles, exercise, the prevention of mental health problems, contributing to improving air quality etc. in addition to preventing the decline of ecosystems.

190. The guidance for the scheme has a clear emphasis on encouraging preventative action and highlights the need to address prevention through collaboration, outside of the environment alone, to other areas where multiple benefits occur including health, tourism, education, transport (active travel) etc.

**Lesley Griffiths**  
**Cabinet Secretary for Energy, Planning and Rural Affairs**