

Y Pwyllgor Amgylchedd a Chynaliadwyedd

Environment and Sustainability Committee

Cynulliad
Cenedlaethol
Cymru
National
Assembly for
Wales



Jocelyn Davies AM
Chair, Finance Committee

7 November 2014

Annwyl Jocelyn

Welsh Government draft budget 2015–16

We are grateful to the Minister for Natural Resources; the Deputy Minister for Farming and Food; and their officials for their engagement with our scrutiny of the draft budget. It is a marked improvement on previous years. In particular, the provision of tables to budget expenditure line level that included a ‘comments’ column to explain changes added a commendable level of transparency to the process.

Putting these procedural improvements to one side, we are concerned about the level of reduction planned for the Natural Resources Main Expenditure Group budget – the largest reduction to any departmental budget. Whilst the Minister and Deputy Minister reassured us that these reductions would not affect the delivery of programme for government objectives and statutory obligations, we believe that risks around effective delivery are increased by this reduction in future funding – particularly at a time when a number of additional demands are likely to be placed on the Government and its delivery partners through emerging legislation. We will be monitoring this carefully.

In addition to these general observations, we intend to raise the following specific points with the Minister and Deputy Minister (these are numbered for ease of reference):

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1. Rural Development Programme

- 1.1 We seek clarification from the Welsh Government as to whether the £5 million revenue reduction to the 2014-2020 RDP BEL will be returned to delivery of the Programme in future years.
- 1.2 We note that in relation to a number of questions about future support for young farmers, the beef sector, the dairy industry and the Nature Recovery Plan the Ministers' stated that support for this work would come from within the RDP. Whilst we appreciate the difficult budget settlement the department is facing we are somewhat concerned about a potential over-reliance on the RDP to deliver some of this department's key commitments especially given some of the restrictions placed on the way in which RDP funding can be spent. We will therefore be keeping the design and spend on the RDP under close review and look forward to receiving the detailed breakdown of programmes for the 2014-2020 RDP once it has been approved by the European Commission.
- 1.3 During the our inquiry into Sustainable Land Management stakeholders expressed some caution about relying solely on the RDP to deliver for the Welsh natural environment and supported the use of innovative ways of funding such as payments for ecosystem services as a way forward. We look forward to seeing how the Environment Bill supports the introduction of new funding mechanisms to finance some of this Department's work.
- 1.4 We understand that the RDP is demand-led and that it will need to be re-profiled as the programme progresses. It would be of assistance to us if the Deputy Minister could provide more information about the reasons behind changes made when the RDP is re-profiled.

2. European funding

- 2.1 In the case of European funding, and the RDP in particular, we would like to see tables that show domestic spend alongside European allocations for 2015-16 as soon as possible and for this to be provided as part of the information we receive for draft budget scrutiny in future years.

3. Marine and Fisheries

- 3.1 We note the Minister's assessment that the budget for the delivery of the Marine and Fisheries Strategic Action Plan will be challenging. We have previously outlined our view that marine policy should be afforded higher priority and welcomed the commitment by the previous Minister for Natural Resources and Food to continue to look across the portfolio to identify further funds to support delivery of the Marine Planning process. We hope that the Welsh Government will keep delivery of its Action Plan under close review and will seek to identify additional resource as required. We intend to return to this issue early in the New Year.

4. Regulating the breeding of dogs

- 4.1 Whilst we discussed the affordability of enforcing the regulation of dog breeding with the Deputy Minister, we remain concerned that some Local

Authorities may not be suitably resourced to deliver this, particularly in light of other animal welfare duties that they will have to meet following recent legislative developments.

- 4.2 We ask that the Welsh Government provides us with more information on the costs to local authorities of implementing new and forthcoming animal welfare duties and that it provides evidenced assurances that there are no issues of affordability.

5. Natural Resources Wales and Replanting costs

- 5.1 We note the additional planned reduction to NRW's budget of £3.2 million. Whilst we appreciate that there are substantial reductions across the portfolio we are concerned that calls on NRW's services and expertise are increasing particularly in light of the Welsh Government's legislative agenda. For this reason in both our scrutiny of the Welsh Government and NRW, we will keep the organisation's ability to carry out its statutory duties effectively under review.
- 5.2 In relation to the existing pressures being placed on the body by Phytophthora Ramorum we require further information on the costs of replanting the forestry estate following felling for disease control, and where these replanting costs are planned for in the draft budget.

6. Well-being of Future Generations Bill

- 6.1 We ask that the Welsh Governments sets out how it will be taking account of the requirements of the Well-being of Future Generations Bill in future budget planning.

7. Glastir

- 7.1 Further to the Auditor General's report, we ask the Welsh Government to set out:
- The processes the department has put in place to implement the recommendations made by the Wales Audit Office on the operation of Glastir;
 - How progress in implementing the recommendations will be monitored;
 - The timetable for the implementation of the recommendations and in particular:
 - when systems for benchmarking the administrations costs of the scheme will be adopted; and
 - when targets, objectives and timelines for achievement of outcomes from the scheme will be published.

8. Nature Fund

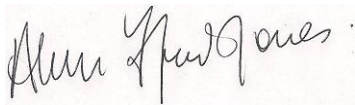
- 8.1 The Minister for Natural Resources outlined to us that no funding will be made available for a continuation of the Nature Fund in 2015-16. We note the Minister's view that the Fund was only intended to support pilot projects but are also aware that the Welsh Government's own guidance on the Fund states that some projects will require funding in more than one financial year to be

effective. The Welsh Government's guidance states that for those projects it was 'currently looking at options to sustain funding in future years'. In light of the Minister's evidence, we are concerned that there could be potential value for money issues for projects approved for funding that can't be completed by the end of this financial year.

- 8.2 We ask that the Welsh Government provide further information on the projects approved under the Nature Fund, to outline how much funding has been provided to each project, to confirm if they will be completed this year or if not to identify how the projects will be sustained in future financial years.

This letter has been copied to the Minister for Natural Resources and the Deputy Minister for Farming and Food.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Alun Ffred Jones', written on a light-colored rectangular background.

Alun Ffred Jones AM
Chair of the Environment and Sustainability Committee