



Sustainability Committee

John Griffiths AM
Minister for Environment and Sustainability
Welsh Government

25 October 2011

Dear John

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

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

Budget priorities

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

Bovine TB

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

Bae Caerdydd
Cardiff Bay
CF99 1NA

Clerc/Clerk Virginia Hawkins, Ffôn /Tel: 029 2089 8544
E-bost /Email: ES.committee@wlaes.gov.uk

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

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

Planning

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

A Single Environmental Body (SEB)

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

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

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

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

Adjustments to budget lines and capacity issues

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

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

Fuel poverty

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

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

Scrutiny of receipts into the consolidated fund

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

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

Sustainability Impact Assessment

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

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

Equality Impact Assessment

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

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

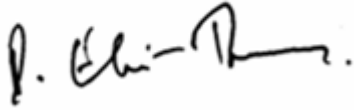
Further information

You kindly agreed to provide us with the following information:

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

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

Yours sincerely

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

Dafydd Elis Thomas
Chair of the Environment and Sustainability Committee

c.c. Jocelyn Davies AM
Chair, Finance Committee