

John Griffiths AC /AM
Gweinidog yr Amgylchedd a Datblygu Cynaliadwy
Minister for Environment and Sustainable Development



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref SF-JG-0399-13

Lord Dafydd Elis-Thomas AM
Chair,
Environment and Sustainability
Committee
National Assembly for Wales

13 February 2013

Dear Dafydd,

Thank you for your letter of 28 January regarding my appearance before the Committee on 21 February.

You requested additional information ahead of the meeting – including details of the implications to my portfolio of the supplementary budgets. I am therefore pleased to inform you that I have included comprehensive detail of the two supplementary budget changes during 2012/13, along with a breakdown of the budget, by action and BEL within each action, in my evidence paper that you will receive by Wednesday 13 February.

With regard to the information you requested in relation to Natural Resources Wales (NRW), I can confirm that there has not been a revision to its business plan. The Programme team are reprofiling the financial case contained in the business case to reflect changes in expenditure. A copy of the latest summary page of the financial case is attached at Doc 1, for your information.

As can be seen from the summary document, the predicted benefit outturn over 10 years has increased from £128 million to £156 million, with an overall reduction in expenditure. It is important to emphasise that this summary deals only with the predicted cost of change needed to establish NRW as a fully functional body. Baseline costs (i.e. 'business as usual' costs) are not included.

The original business case predicted the contribution to overall benefits from the merger as shown in the table attached at Doc 2. This benefits profile has changed, largely because costs have had to be reprofiled to advance spend on ICT into the first two years of NRW's life. This has had the effect of reducing the cash realisable benefits from Environment Agency Head Office and Forestry Commission GB in the early years, but made more of this available after that point.

As can be seen from the summary sheet at Doc 2, the level of cash realisable benefit rises significantly after year 2 in comparison to the original predictions. It should be noted that some of the assumptions made in the original business case are now two years old and may have to be revisited by the NRW executive team in the light of changed circumstances. What remains, however, is the requirement that NRW delivers the overall level of benefits upon which approval of the business case was predicated.

On a separate issue, the programme team has received confirmation from Treasury and HMRC that NRW will become a VAT-exempt body on 27 March 2013.

You also requested a financial update on the Bovine TB Eradication Plan. The table below provides the latest expenditure detail:

Budget	2011/12 Final Outturn £m	2012/13 Suppl budget 2 £m	2012/13 Spend to date £m	2012/13 Forecast expenditure £m
TB Eradication	2.06	6.60	1.00	3.60
TB Slaughter Payments and Receipts	11.94	11.66	12.50	14.80
Overall position – TB Budgets	14.00	18.26	13.42	18.40

In 2011/12 expenditure on TB Eradication mainly focussed on investigative and analytical work to inform policy decisions and the continuous improvement of the TB Eradication Programme. Key areas of expenditure, which have been previously provided to the Committee include, among others:

- Analysis of data and social science following the TB Health Check Wales.
- Investigation of biosecurity measures, best practice and advising farmers on appropriate measures suitable for their individual business.
- Provision of breeding sale data to aid analysis and compare compensation levels.
- Additional investigations (testing, post mortem examination, culture etc) and support for the TB Eradication Programme initiatives by Animal Health and Veterinary Laboratories Agency (AHVLA).
- Ecological expertise to provide advice on the wildlife aspects of the TB Eradication Programme.

For 2012/13, to date, the majority of effort has been focussed on the implementation of the badger vaccination project in the Intensive Action Area. The project has cost around £945,000 to deliver this year, which is in keeping with the original estimates provided in March 2012. A report on the first year's activities and costs is available on the Welsh Government website.

European funding for implementation of the 2012 TB Eradication Plan will offset some expenditure in 2012/13, the current estimate is £3m.

Preparations are well underway for the second year of badger vaccination in the IAA and further expenditure in this financial year is planned in order to facilitate the activities in the Spring.

In addition to the budgets relating to TB Eradication and TB slaughter payments and receipts, the Welsh Government also funds the activity of the Animal Health and Veterinary Laboratories Agency (AHVLA) in Wales. Of the £16.694m budget allocated to fund these activities, an estimated £12.8m will be spent in support of tackling bovine TB.

I trust that this information addresses your request in full and I look forward to updating the Committee on developments within my portfolio at its meeting.

A handwritten signature in black ink, reading 'John Griffiths' in a cursive style.

John Griffiths AC / AM

Gweinidog yr Amgylchedd a Datblygu Cynaliadwy

Minister for Environment and Sustainable Development

Environment and Sustainability Committee

E&S(4)–06–13 paper 1

Environment & Sustainable Development

Portfolio

1. As outlined in my evidence paper of June 2012 my portfolio has cross-cutting responsibility for sustainable development and brings together policy on the environment and animal health and welfare.
2. In these difficult times for the economy and public spending, along with my Ministerial colleagues, I am taking action to deliver the things that make a difference to the people we serve, their families and our communities - now and in the future.
3. Our principle of sustainable development means that we will always seek to act in the long term interests of the people of Wales whilst also dealing with pressing short term needs. I am committed to tackling poverty and reducing inequalities, providing attractive places for people to live and work.
4. The Programme for Government (PfG) identifies many of the specific actions I am taking. It also sets out milestones and indicators to assess progress in tackling the long-term challenges facing Wales.
5. As you know, I have particular accountability for ensuring delivery is on track in a number of areas within the programme – most notably in the chapters covering Growth and Sustainable Jobs (1), Welsh Homes (6), Tackling Poverty (9), Rural Communities (10) and Environment and Sustainability (11).

Budget

6. My budget can be summarised as follows:

	Supp 2 Budget 2011-12 £m	Final Budget 2012-13 £m	Supp 1 Budget 2012-13 £m	Supp 2 Budget 2012-13 £m	Final Budget 2013-14 £m
Revenue**	262.326	265.183	265.153	260.131	264.455
Capital	73.811	61.629	75.369	81.639	62.311
Total	336.137	326.812	340.522	341.770	326.766

** This budget includes non cash revenue budgets for asset depreciation costs in respect of the Countryside Council for Wales, Environment Agency

Wales, Pwllpeiran Farm and assets held by the Office of the Chief Veterinary Officer (OCVO).

7. **Annex 1** gives a breakdown of the budget, by action and by Budget Expenditure Line (BEL) within each action, along with the details of changes actioned in the June Supplementary Budget 2012-13 and February Supplementary Budget 2012-13. This table can also be used to determine the level of investment per published budget action, upon which many of the PfG commitments are referenced.
8. There has been an overall net increase between the final budget and the February Supplementary Budget 2012-13 in the Environment & Sustainable Development DEL of £14.958m, comprising a decrease in resource of £5.052m and an increase in capital of £20.010m.

1st Supplementary Budget Motion – June 2012

9. The Wales Infrastructure Investment Plan for Growth and Jobs has a clear outline of the Welsh Government's key priorities for major infrastructure projects. Of the seven high level priorities, one is 'Supporting the development of the energy industry in Wales'. We have invested £5m for home energy efficiency schemes as part of the capital investment package announced in May 2012 - £3m for Nest and £2.0m for arbed, benefitting an extra 1,000 homes.
10. The arbed programme also received £2.74m funding from the Housing, Regeneration and Heritage portfolio for its contribution in ensuring the programme will lever in and coordinate investment into the energy performance of Welsh homes and help reduce climate change, eradicate fuel poverty and boost economic development and regeneration in Wales.
11. The Flood and Coastal Risk Management Programme has been re-inforced with an additional £6m capital as part of the capital investment package announced by the Finance Minister in May 2012. This funding has been allocated to projects that aim to reduce the risks to vulnerable homes and businesses in the Colwyn Bay, Talgarth, Gilfach Kerry and Borth areas of North and West Wales.

2nd Supplementary Budget Motion – February 2013

12. The main changes actioned in the second supplementary are:
 - £2.549m has been transferred from the Central Services and Administration MEG to support the transitional costs for Natural Resources Wales. This is the first tranche of a successful invest to save bid to help integrate the systems and support transitional costs.
 - £5m additional capital funding has been allocated from Central Reserves for Flood and Coastal Risk Management Schemes in Conwy,

Denbighshire and for a number of Environment Agency schemes including Swansea Vale, Fairbourne, the River Dee and Llechrhyd.

- £3.48m of capital funding is being transferred from the Waste Management Programme to Central Reserves due to re-profiling of expenditure and some savings achieved through the procurement programme. An adjustment for future years has also been made in the Final Budget 2013-14.
 - I have also agreed to transfer revenue to capital totalling £4.5m to invest predominantly in the ICT capital requirements for the set up of Natural Resources Wales. Monthly monitoring within the TB Eradication budget has identified a forecast underspend of £3.5m in order to allow this transfer of resources; the remaining £1m has been transferred from Natural Resources Wales revenue budget.
13. There have been a number of other changes made in the MEG, details of which can be found in the Explanatory Note published alongside the February Supplementary Budget 2012-13 on 5 February.
14. **Annex 2** also provides a transparent explanation of all the budgetary changes actioned within my portfolio from the Final Budget 2012-13 through to the February Supplementary Budget 2012-13.

Forecast Outturn 2012/13

15. I am pleased to say that current forecast for the department is showing a break even position across my portfolio and my officials are working hard to ensure that this position is maintained until the year end. I am also pleased to report that the significant additional capital funding investment in respect of flood risk management and energy efficiency programmes are all on course to utilise their allocations and achieve the outcomes for which the funding was intended.
16. I am particularly keen to ensure that my budgets reflect current priorities and that the Supplementary Budget motions present me with an opportunity to redirect funding where there is greatest need, and you will see from the information provided for the two supplementary budgets that I have done just that.

Priorities & Progress

17. Whilst it is not possible to address my entire portfolio in this paper, I have outlined below further details on some of my priorities, giving consideration to the specific areas the Committee has identified as of particular interest to it.

Sustainable Development Bill

18. The White Paper for the Sustainable Development Bill was launched on 3 December 2012 and outlines our plans for legislation to place a Sustainable Development (SD) duty on public service providers in Wales and create a new independent SD body. The consultation closes on 4 March 2013.

<http://wales.gov.uk/consultations/sustainabledevelopment/sdwhitepaper/?lang=en>

19. As mentioned earlier in this paper, our priorities are to create jobs and tackle poverty. Sustainable development is the framework through which we drive these priorities and ensure we deliver against them.

20. The purpose is to deliver the Programme for Government commitment to legislating to make sustainable development the central organising principle of the Welsh Government and devolved public service. Essentially it is about ensuring we consider the economic, social, environmental and long term effects of the decisions we take.

21. There are four elements to the proposals:

- the *duty* on Welsh public service organisations to demonstrate that all the elements of SD – economic, social as well as environmental – have been taken into account in the way we make strategic decisions and operates its business;
- the *support* for organisations to comply with this duty, which will be offered by the Welsh Government and the statutory Sustainable Development body;
- the *accountability* which we and other organisations will need to show, through existing frameworks and the work of the Auditor General for Wales; and
- the *implementation* of the duty, phased so that they have time to understand what is required of them.

22. The intention is to introduce the Bill to the Assembly by the end of this year.

Planning reform

23. Significant work is underway to reform the planning system. Since devolution, up to date national planning policies have been put in place. These policies are appropriate to the needs of Wales, reflecting our commitment to deliver sustainable development, economic renewal and affordable homes. To assist delivery at the local level a new local development plan system has been introduced. Work is also underway to improve the planning application process.

24. The Planning Reform Bill will provide an opportunity to introduce primary legislation which takes forward the reform agenda. In the past we have had to rely on UK Bills, secondary legislation and policy and guidance as

our main levers. Being able to create our own primary legislation provides a new opportunity that should be embraced.

25. Planning legislation and policy must be based on evidence. A comprehensive evidence base has been assembled to inform the Planning White Paper and underpin the Planning Reform Bill. The White Paper and draft Bill will be published before the end of 2013.
26. Separately, I was pleased that officials from my Knowledge and Analytical Services and Planning Divisions were able to provide oral and written evidence to the Committee last month regarding Population and Household Projections for local authorities in Wales – where the level and scale of housing development in a Local Development Plan is a matter for the Local Planning Authority.

Construction

27. The Programme for Government includes a commitment to strengthen building regulations to improve energy efficiency by 55% above 2006 building standards, equivalent to 40% above 2010 standards. The Welsh Governments energy targets for buildings are linked to European legislative requirements which are compulsory for all European states from 2021.
28. Our recent consultation proposals for changes to the Building Regulations considered two options in relation to reducing carbon emissions in new homes, either a reduction of 40% relative to the 2010 Part L standards from January 2015 or a 25% reduction from 2014. There were also proposals for a 20%, 10% or 11% improvement on Part L 2010 for new non domestic buildings
29. We received 91 responses to the consultation. These have been analysed and were presented to the Building Regulations Advisory Committee for Wales on the 24 January 2013. A number of recommendations and actions resulted from this meeting and officials will work to develop further Part L proposals based on the outcomes of the consultation.
30. The consultation also included viability modelling in relation to the impact on housing development for the options of a 25%, 40% and the inclusion of sprinklers within new homes. The Domestic Fire Safety (Wales) Measure was introduced in April 2011. The current timetable for the introduction of fire suppression systems (sprinklers) is September 2013 and we will be going out to public consultation on the details of implementation ahead of this.

Natural Resources Wales

31. I look forward to the commencement of Natural Resources Wales (NRW) at the beginning of April and I am pleased to report that the process for

creating the new body is on schedule. I was pleased to publish a written statement on the business case and costs last month.

<http://wales.gov.uk/about/cabinet/cabinetstatements/2013/naturalresourceswales/?lang=en>

32. From its establishment I expect NRW to become a high-performing organisation that is professional, efficient and responsive to customer needs and that visibly supports and contributes to the Welsh Government's sustainable development agenda.

Natural Resource Management Programme

33. A Natural Resource Management Programme has been created to deliver the policy commitments set out in the *Sustaining a Living Wales* Green Paper. This includes, amongst other things:

- delivery of the Environment Bill;
- the strategic policy framework in relation to natural resource management, including the setting of national priorities;
- embedding of the ecosystem approach, including associated demonstration projects; and
- the management of the policy relationship and coordination of performance management arrangements with Natural Resources Wales.

34. Work is underway to develop proposals for any legislative changes that might be required to support natural resource management and other aspirations set out in the Green Paper, with a view to including these in the forthcoming Environment Bill.

35. A White Paper for the Bill is being developed for publication later this year, with the Bill being introduced to the Assembly in 2015.

The Wales Coast Path

36. We are investing £1.15million in 2013/14 to ensure the Wales Coast Path is of consistently high quality. This builds on Welsh Government investment of up to £2 million a year between 2007 and 2013 which resulted in the opening of the 870 mile path that runs right around the Welsh coast line. The Welsh Government investment was supplemented by £3.9 million from the European Regional Development Fund between 2009 and 2013.

37. Research by the Wales Economic Research Unit has reported that between September 2011 and August 2012 the Wales Coast Path attracted 2.89 million visits, and resulted in an additional £32.2m worth of demand in the Welsh economy, which equates to an impressive £16.1 million of Gross Value Added (GVA).

38. The Wales Coast Path formally opened in May 2012 but the research looked at use of the Wales Coast Path between September 2011- when many of the main routes were already open - and August 2012.
39. From April 2013, the Coastal Access Improvement Programme will be coordinated by Natural Resources Wales.

Marine programme

40. I am committed to the UK-wide vision for clean, healthy, safe, productive and biologically diverse seas and the UK-wide high level marine objectives for achieving this vision. To deliver this vision I am establishing a marine programme of the four key, inter-dependent strands of policy work consisting of: marine planning, implementation of the Marine Strategy Framework Directive, marine nature conservation and marine licensing.
41. The marine programme is being designed to work in an integrated way with policy areas across the Welsh Government, in particular Fisheries, Energy and Tourism, to support its cross-cutting nature.
42. We are currently reviewing the arrangements required to support the marine programme, including resourcing. A key underpinning theme for the review is communication and engagement with stakeholders, especially local coastal communities and including the role of coastal forums, reflecting the ecosystem-based approach.
43. We will work in close partnership with Natural Resources Wales, to ensure that the programme is effectively supported. We will also continue to work in partnership with the UK Government and its agencies, in particular the Marine Management Organisation, and other governments to ensure that our respective marine policies are developed and implemented in an integrated way. We will look at formalising existing working arrangements through concordats or memorandums of understanding as required.
44. We undertook a first stage consultation in Spring and Summer 2012 on options for designating marine conservation zones in the Welsh inshore area, based on a highly protected approach. The consultation attracted around 7,000 responses, representing a range of strong and different views about how the new designation power should be used and the implications of a highly protected approach.
45. I announced last November a period of additional work to reflect on and fully explore all the information received, to inform how we move ahead with marine conservation zones in Wales. This additional work is in line with our planned staged approach to listen to feedback at each stage, respond and then seek further views from all interested parties before deciding on next steps. It supports our commitment to work across policy areas in a joined up way. The additional work is being driven by a new

cross-cutting Welsh Government team and supported by a new stakeholder focus group.

46. The Welsh Ministers are currently the marine licensing authority for the Welsh inshore area under the Marine & Coastal Access Act 2009. Following consultation, we are delegating the marine licensing function (as well as most wildlife licensing) to Natural Resources Wales in order to streamline environmental regulatory functions. Licensing policy will remain the responsibility of the Welsh Government and a key strand of our marine programme.
47. Business continuity is paramount and is being addressed through the specific project management arrangements that have been established for the delegation of licensing functions.

Energy

48. Energy Wales sets out the Welsh Government's key priorities in this area. We want a genuinely sustainable approach to energy that reflects our central organising principle and improves the wellbeing of the people of Wales.
49. Renewable energy generation in Wales has increased from 1,029 GWh in 2004 to 2,159 in 2011. This is equivalent to an increase from 2.9% of total generation in 2004 to 7.9% of total generation in 2011.
50. We will carefully plan and manage the relationship between energy developments and our natural environment in line with the ambition of 'Sustaining a Living Wales'. We are also engaging with National Grid to mitigate the impact of new transmission infrastructure.
51. The devolution of the consenting process for energy projects in Wales has regularly been raised with the UK Government by Welsh Ministers and we continue to press that Wales acquires control over its resources, including energy generation project consents and related energy infrastructure. The establishment of Natural Resources Wales will help to streamline the consents process.

Energy Efficiency and Fuel Poverty

52. During the forthcoming year, we will continue to deliver on our fuel poverty and energy efficiency commitments including continued delivery of our Nest and arbed Programmes.
53. We are investing at least £30 million in Nest and arbed this financial year and at least £36 million in 2013/14. This funding will help improve the energy efficiency of around 5,000 homes in 2012/13 and around 6,000 homes in 2013/14, reducing the risk of these households living in fuel poverty.

54. Discussions also continue with the energy companies to explore the opportunities that exist to lever in additional resources from the new Energy Company Obligation (ECO) to support improving the energy efficiency of Welsh homes.
55. With regards to the Green Deal, the Energy Saving Trust is acting on behalf of the Welsh Government by providing support to SMEs in Wales through its Supply Chain Development Programme. This is designed to support companies through the Green Deal accreditation and certification process and to help them understand the opportunities that are presented by the new programmes. This programme also provides links to the Carbon Trust and the interest free loans that may be accessed to support the costs associated with accreditation and certification. As of 21 December 2012, 19 companies had applied for interest free loans totalling £95,500.

Waste

56. Our ambition - set out in *Towards Zero Waste* - is to recycle 70% of our waste by 2025 and to be a zero waste nation by 2050. We are the only country to set out exactly how we are going to achieve this.
57. Wales is now recycling or composting more than half of its municipal waste - with the latest statistics showing that Welsh councils collectively recycled 53% of their waste in the first quarter of 2012/13. This means that Wales continues to lead the rest of the UK on recycling and is on course to meet its first statutory target of 52% (by the end of 2012-2013).
58. Supporting waste reduction and reducing the amount of biodegradable materials going to landfill are key Programme for Government actions which ensure that Wales, as a nation, make the best possible use of its resources.

Local environment quality

59. The Welsh Government is committing in excess of £2.6 million to projects improving local environment quality in Wales in 2012-13.
60. A key part of this is the Tidy Towns initiative, which was launched in April 2008 to empower communities to take responsibility for their own local environment quality. Welsh Government funding is provided to Keep Wales Tidy, all 22 local authorities and community led groups to allow them to undertake specific projects to tackle local environmental quality issues such as litter, fly-tipping and graffiti.
61. It is pleasing to know that we are making a real difference to local environmental quality and I hope that we can continue to build on the substantial work already achieved.

Urban communities

62. During the forthcoming year, we will start work in seven urban areas to test out how we can support the future place-based development of more sustainable and resilient communities. It is in the places where people live where all our Welsh Government offerings to communities meet; therefore the work going forward will seek to draw on all of my Department's policy areas, and those of others, to deliver a more co-ordinated and integrated approach to improving the places where we know that poverty exists.
63. These developments will build on the good work done by Keep Wales Tidy, Groundwork, Environment Wales and many other third sector organisations. Local authorities and local businesses will also be key partners in the work.
64. We are investing a minimum of £100,000 in our new Sustainable Urban Communities work this year – my intention is that the investment will increase significantly in 2013/14. This funding will help to deliver tangible improvements to the seven places located in urban areas, bringing local environmental improvements, improved energy efficiency, improved local growing, improved biodiversity, greater access to community renewable energy and generally stronger links to the green and blue environment in the communities supported. This will contribute to better health and well being outcomes and so help tackle poverty and increase opportunities for skills and jobs.

Flood and Coastal Erosion Risk management

65. In Wales, our defences reduce flood risk to over 70,000 properties. During the last five years new flood alleviation schemes have reduced risk for over 4,500 homes and businesses in Wales for areas such as Conwy Valley, Tywyn, Clwyd Estuary and Abergele.
66. The Environment Agency's Flood Awareness Wales programme has helped 300 communities prepare their own flood plans, and 100,000 people in Wales are signed up for flood warnings.
67. We are investing more than £150 million in flood and coastal erosion risk management over the term of this Assembly, supplemented by almost £50 million extra from the European Regional Development Fund.
68. The Flood and Coastal Erosion Risk Management Programme has also received additional capital funding of £11m in 2012-13, comprising:
- £2m from Phase 2 of the Centrally Retained Capital Fund to reduce the risks to vulnerable homes and businesses in the Colwyn Bay and Borth areas of North and West Wales (actioned in the June

Supplementary Budget 2012-13);

- £4m from Central Reserves for Flood and Coastal Risk Management Schemes in Colwyn Bay, Talgarth, Gilfach Kerry and Borth, announced in May 2012 to support our priorities in the Wales Infrastructure Investment Plan (actioned in the June Supplementary Budget 2012-13); and
- £5m from Central Reserves for Flood and Coastal Risk Management Schemes in Conwy, Denbighshire and for a number of Environment Agency schemes including Swansea Vale, Fairbourne, the River Dee and Llechrhyd, announced in January 2013 and actioned in the February Supplementary Budget 2012-13.

69. In addition, the Draft Budget 2013-14 included a further £10m from Capital Reserves to support vital flood and coastal defence improvements across Wales (£4m in 2013-14 and £6m in 2014-15).

70. My priority now is to ensure people across affected areas are able to return to normality as soon as possible. Insurance companies must play their part and waste no time in providing support for householders who have been affected. I am also committed to ensuring that insurance remains accessible for everyone in Wales after the Statement of Principles ends in June 2013.

Water

71. We are currently working with stakeholders to undertake preparatory work for a Water Strategy for Wales, which we intend to publish for consultation later this year.

72. The Strategy will set the Welsh Government's strategic direction for future water policy in Wales and it will consider how, as a Government, we can support the economic, environmental and social needs of Wales.

73. Keeping water bills at an affordable level is a key priority. I want to ensure fair and effective methods of charging options for water services that will drive up efficiencies, reduce debt issues and deliver results for all customers while protecting vulnerable groups.

74. I will be publishing a Social Tariff Guidance for Wales later this month. Social tariffs form part of a package of effectively targeted support to enable customers to pay their bills, encompassing help with metering, payment methods, debt advice and water efficiency.

75. Elsewhere, my officials are supporting the draft Water Bill - a joint Wales and England Bill. The main focus of the Bill is around Defra's retail and upstream market reform proposals which were contained in its White Paper: Water for Life.

76. We are committed to ensuring customers are at the heart of the delivery of water and sewage services in Wales. Our aim is to see high quality, affordable, resilient and responsive services for both domestic and business customers in Wales.
77. With regards to bathing waters, there are currently 100 designated bathing waters in Wales, compared with 88 in 2011. Designated bathing water sites can be found at 99 of Wales' beaches and at the Marine Lake in Rhyl.
78. Figures show that in 2012, 97% of Welsh designated bathing waters met mandatory standards and three quarters (75%) met more stringent European Guideline standards. This compares with 62% meeting the guidelines standards across England and Wales.

Animal Health and Welfare

79. In support of animal health and welfare policy, my key objectives include:
- promoting higher standards of animal health and welfare and delivering animal health services that are fit for purpose;
 - protecting against the incursion and spread of animal infectious diseases and maintaining a state of preparedness to deal with any outbreak of notifiable animal disease that may occur in Wales;
 - working towards the Programme for Government commitment to take a science led approach to tackling bovine TB; and
 - contributing to the protection of public health.
80. We have a comprehensive bovine TB eradication programme in place across Wales which tackles all sources of infection. This includes annual TB testing of cattle, removal and slaughter of reactors and Pre-Movement Testing of cattle. As part of my announcement in January this year I announced enhancements to further strengthen our policies in relation to cattle surveillance and controls. I am also committed to developing and applying a cattle vaccination strategy as soon as possible.
81. Last month I announced a number of further enhancements to cattle surveillance and control measures, including cattle movement control changes and a phasing out of Approved Quarantine Units by the end of the year.
82. We must deal with all sources of TB if we are going to achieve our goal of eradicating this debilitating disease. Vaccinating badgers in the Intensive Action Area allows us to make a start on addressing an important wildlife reservoir of infection.
83. The Committee will also be aware that the Welsh Government Contingency Plan for Exotic Animal Diseases is reviewed annually, taking

into account changes in organisational structures of Government departments, policy and outcomes from exercises.

84. A revised plan will be published in the Spring of 2013. The Plans are tested regularly via exercises held by AHVLA. Welsh Government officials assist with the planning of these exercises and participate in them to help test our contingency arrangements.

85. Elsewhere, The Animal Welfare (Breeding of Dogs) (Wales) Regulations 2013 are being made under Section 12 of the Animal Welfare Act 2006 and will replace the Breeding of Dogs Act 1973 (as amended) in Wales. The Regulations have undergone two public consultation processes and will be debated in Plenary later this year.

Control of Dogs (Wales) Bill

86. I launched the draft Bill consultation on Friday 23 November 2012 at the RSPCA homing facility in Newport. The consultation closes on March 1.

<http://wales.gov.uk/consultations/environmentandcountryside/121123controlof dogs/?lang=en>

87. The underlying principle enshrined in the Bill is the promotion of responsible dog ownership and active intervention where dogs are deemed to be out of control. The Bill proposals are to:

- identify out of control dogs at an early juncture through investigation by the enforcement authorities and make provision for Dog Control Notices (DCN) which may, if necessary, be served on dog owners. DCNs will require owners to change the dog's behaviour through appropriate training before they become dangerous;
- focus on the action and behaviour of a dog and not on the breed or type of animal;
- introduce criminal sanctions, as appropriate in order to encourage dog owners to become more responsible; and
- amend the provisions of the Dangerous Dogs Act 1991 to make it an offence to allow a dog to be dangerously out of control anywhere in Wales, including on private property. Currently the provisions only apply to public places or where a dog is in a private place where it is not permitted to be, and the dog injures a person or causes fear of injury.

John Griffiths AM

**Minister for Environment & Sustainable Development
February 2013**

ENVIRONMENT AND SUSTAINABLE DEVELOPMENT MAIN EXPENDITURE GROUP (MEG)																						
REVENUE BUDGET - Departmental Expenditure Limit					£000's	£000's																
SPA	Actions	Budget Expenditure Line (BEL)	BEL	Division	2011-12 Final Budget (Feb 2012)	2012-13 Final Budget (Nov 2011)	Transfer from reserves (CRC)	MEG to MEG Transfers (Arbed)	MEG to MEG Transfers (Timebanking)	Transfers within MEG	2012-13 Suppl Budget (June 2012)	Transfer from Reserves (Flood)	Transfer from Reserves (Dep)	Transfer to Reserves (Windfarm Receipts)	Transfer to UK Gov't (CLOS)	MEG to MEG Transfers (NRW)	Transfer within MEG (Rev to Capital)	Transfer within MEG	2012-13 Suppl Budget (Feb 2013)	2013-14 Final Budget (Nov 2012)		
Climate Change and Sustainability	Develop and deliver overarching policy and programmes on sustainable development and environment	Environment Legislation and Governance	2812	Sponsorship	199	190					190								190	181		
		Sustainable Development Engagement	2810	People & Environment	866	820				-80	740								740	696		
		Sustainable Development Policy	2811	SD;CC&NR P	0	0				80	80								80	80		
		Sub Total			1,065	1,010	0	0	0	0	1,010	0	0	0	0	0	0	0	1,010	957		
	Develop and implement climate change, emission prevention and fuel povert policy, communications, legislation and regulation	Climate Change Policy	2815	SD;CC&NR P	0	410					410								410	410		
		Fuel Poverty programme	1270	People & Environment	3,450	3,450					3,450								-700	2,750	3,450	
		Climate Change Action	2816		3,172	2,726			-30	-120	2,576							2,576	2,456			
		Energy Efficiency Programmes	3771		5,300	5,300					5,300							5,300	5,300			
		Construction Unit	1261	Planning	865	824					824								824	784		
		Sub Total			12,787	12,710	0	0	-30	-120	12,560	0	0	0	0	0	0	0	-700	11,860	12,400	
		Develop and implement flood and coastal risk, water and sewage policy and legislation	Flood Risk Management & Water	2230	Energy, Water & Flood	19,784	21,041					120	21,161								21,161	27,398
	Sub Total				19,784	21,041	0	0	0		120	21,161	0	0	0	0	0	0	0	21,161	27,398	
	Facilitate clean and secure energy and industry investment	Radioactivity & pollution prevention	2817	People & Environment	600	540						540								540	480	
		Clean energy	3770	Energy, Water & Flood	640	600						600								600	600	
		Sub Total			1,240	1,140	0	0	0	0	0	1,140	0	0	0	0	0	0	0	1,140	1,080	
	Manage and implement the Waste Strategy and waste procurement	Local Authority Waste Revenue (food waste)	2190	Waste & Resource Efficiency	82,519	79,984						79,984								79,984	77,983	
		Sub Total			82,519	79,984	0	0	0	0	0	79,984	0	0	0	0	0	0	0	79,984	77,983	
	Total Climate Change and Sustainability							117,395	115,885	0	0	-30	0	115,855	0	0	0	0	-700	115,155	119,818	
	Environment	Deliver nature conservation and marine policies	Sustainable Development Fund Grant	2823	Land, Nature, Forestry & Marine	721	350					350								350	350	
			Environmental Mgt support funding	2824		2,610	2,060				-735	1,325							-120	1,205	1,325	
Natural Environment			2825	0		0					0							0	1,000			
Marine			2826	0		0					0						120	120	0			
Sub Total					3,331	2,410	0	0	0	-735	1,675	0	0	0	0	0	0	0	0	1,675	2,675	
Develop an appropriate evidence base		Environment Research and Evaluation	2819	Land, Nature, Forestry & Marine	917	874						874								874	832	
		Sub Total			917	874	0	0	0	0	0	874	0	0	0	0	0	0	0	874	832	
Manage and implement EU Waste legislation, LEQ and contaminated land		Local Environment Quality & Keep Wales Tidy	2191	People & Environment	4,478	2,900						2,900							700	3,600	3,900	
		Waste regulation	2194	Waste & Resource	300	300						300								300	300	
		Sub Total			4,778	3,200	0	0	0	0	0	3,200	0	0	0	0	0	0	700	3,900	4,200	
Promote protected landscapes and countryside access		National Parks	2490	Land, Nature, Forestry & Marine	10,900	10,900					560	11,460								11,460	11,417	
		Access	2494		215	83				175	258								258	265		
		Sub Total			11,115	10,983	0	0	0	0	735	11,718	0	0	0	0	0	0	0	11,718	11,682	
Sponsor and manage delivery bodies		CCW	2430	Sponsorship	36,254	35,260						35,260								-826	34,434	0
		CCW Depreciation	2430		1,440	1,440					1,440									1,440	0	
		Natural Resources Wales	2451		0	0					0									0	76,959	
		Natural Environment Framework: restructuring	2495		1,083	5,000					5,000					2,549	-1,000	2,866	9,415	2,000		
	Environment Agency	2450	21,070		21,720					21,720				-1,650			-1,240	18,830	0			
	Sub Total			59,847	63,420	0	0	0	0	0	63,420	0	0	0	-1,650	2,549	-1,000	800	64,119	78,959		
Total Environment							79,988	80,887	0	0	0	0	80,887	0	0	0	-1,650	2,549	-1,000	1,500	82,286	98,348
Planning	Planning policy development, Planning Inspectorate and regulation	Planning Expenditure (inc Guidance production)	2250	Planning	7,772	7,403					7,403								7,403	7,090		
Total Planning							7,772	7,403	0	0	0	0	7,403	0	0	0	0	0	0	7,403	7,090	

Protecting and improving Animal Health and Welfare	Protecting and improving Animal Health and Welfare	Animal Health and Welfare	2270	OCVO	600	600					600							600	600	
		Animal Health VLA	2271		18,398	17,194					17,194							17,194	16,635	
		TB Slaughter payments, costs and receipts	2272		12,660	11,660					11,660							11,660	11,660	
		TB Eradication	2273		4,380	10,000					10,000		100			-3,750	6,350	10,000		
Total Protecting and improving Animal Health and Welfare					36,038	39,454	0	0	0	0	39,454	0	100	0	0	0	-3,750	0	35,804	38,895
Evidence Base	Developing an appropriate evidence base to support the work of the Department	Pwlperian Depreciation	2808	Land, Nature, Forestry & Marine	37	8					8		29						37	8
		Research and Evaluation	2818		344	294					294							294	244	
		Sub Total				381	302	0	0	0	0	302	0	29	0	0	0	0	0	331
	Protecting plant health and developing GM policies	Other Plant Health Services	2821	Land, Nature, Forestry & Marine	52	52					52								52	52
Total Evidence Base					433	354	0	0	0	0	354	0	29	0	0	0	0	0	383	304
Forestry	Implementing the new Woodland Strategy through Forestry Commission Wales	Forestry Commission Revenue Expenditure	2470	Land, Nature, Forestry & Marine	20,700	21,200					21,200			-1,300				-800	19,100	0
Total Forestry					20,700	21,200	0	0	0	0	21,200	0	0	-1,300	0	0	0	-800	19,100	0
Total Revenue - Environment and Sustainable Development					262,326	265,183	0	0	-30	0	265,153	0	129	-1,300	-1,650	2,549	-4,750	0	260,131	264,455

[illegible]

Total Capital - Environment and Sustainable Development			73,811	61,629	11,000	2,740	0	0	75,369	5,000	0	-3,480	0	0	4,750	0	81,639	62,311
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ENVIRONMENT AND SUSTAINABLE DEVELOPMENT MAIN EXPENDITURE GROUP SUMMARY																				
					2011-12 Final Budget (Feb 2012)	2012-13 Final Budget (Nov 2011)	Transfer from reserves (CRC)	MEG to MEG Transfers (Arbed)	MEG to MEG Transfers (Timebanki ng)	Transfers within MEG	2012-13 Suppl Budget (June 2012)	Transfer from Reserves (Flood)	Transfer from Reserves (Dep)	Transfers to Reserves	Transfer to UK Gov't (CLOS)	MEG to MEG Transfers (NRW)	Transfer within MEG (Rev to Capital)	Transfer within MEG	2012-13 Suppl Budget (Feb 2013)	2013-14 Final Budget (Nov 2012)
		Revenue			262,326	265,183	0	0	-30	0	265,153	0	129	-1,300	-1,650	2,549	-4,750	0	260,131	264,455
		Capital			73,811	61,629	11,000	2,740	0	0	75,369	5,000	0	-3,480	0	0	4,750	0	81,639	62,311
Total - Environment and Sustainable Development					336,137	326,812	11,000	2,740	-30	0	340,522	5,000	129	-4,780	-1,650	2,549	0	0	341,770	326,766

Environment & Sustainable Development
2012-13 Budget Changes - Final through to Second
Supplementary

First Supplementary Budget changes (June 2012):

Reason	Revenue/ Capital	Amount £m
Transfer from Central Reserves: Central Retained Capital (CRC) for Flood & Coastal erosion management projects	Capital	2.000
Transfer from Central Reserves: Additional funding linked to the Wales Infrastructure Investment Plan (WIIP) for Flood protection schemes	Capital	4.000
Transfer from Central Reserves: Additional funding linked to the Wales Infrastructure Investment Plan (WIIP) for home energy efficiency.	Capital	5.000
Transfer from Housing, Regeneration & Heritage: contribution to arbed Phase 2	Capital	2.740
Transfer out to Local Government & Communities (LG&C): contribution to match-funding for the Synergy Cymru Timebanking programme	Revenue	-0.030
Realignment of budgets to provide a budget specifically for Sustainable Development Policy. Nil overall effect to ESD budgets.	Revenue	-0.080 0.080
Realignment of budgets to provide a budget specifically for Water Policy. Nil overall effect to ESD budgets.	Revenue	-0.120 0.120
Realignment of Land, Nature, and Forestry & Marine budgets, all within the Environment SPA, Nil overall effect to ESD budgets.	Revenue	-0.735 0.735
Transfer from 'Develop & implement flood & coastal risk, water & sewage policy & legislation' to fund pressures in Natural Resources Wales (funded by Flood bringing projects forward to 2011/12). Nil overall effect to ESD budgets.	Capital	-1.000 1.000

Second Supplementary Budget changes (Feb 2013):

Reason	Revenue/ Capital	Amount £m
Transfer from Central Reserves: Additional capital to support flood defence improvements.	Capital	5.000
Transfer from non-cash reserves to increase the depreciation budget for Pwllpeiran	Revenue	0.029
Transfer from non-cash reserves: funds in respect of depreciation charges for equipment held under the TB eradication programme.	Revenue	0.100
Transfer to Central Reserves: Windfarm Income received from the Forestry Commission Wales	Revenue	-1.300
Transfer to Central Reserves: adjustment to the Waste Management programme in respect of efficiency savings made in the Waste procurement programme.	Capital	-3.480
Transfer of non-cash to Defra in respect of depreciation for the Environment Agency Wales as part of 'Clear Line of Sight' arrangements.	Revenue	-1.650
Transfer £4.75m Revenue to Capital to provide funding and ease pressures elsewhere within the MEG:		
• TB Eradication	Revenue	-3.750
• Natural Resources Wales	Revenue	-1.000
• TB Eradication (purchase of vehicles;	Capital	0.250
• Natural Resources Wales	Capital	4.500
Realignment of Land, Nature, and Forestry & Marine budgets to create a new BEL showing Marine budgets only. Nil overall effect to ESD budgets.	Revenue	-0.120 0.120
Transfer from Fuel Poverty Programme to LEQ & Keep Wales Tidy: VAT rebate received by Nest to fund the Tidy Towns initiative.	Revenue	-0.700 0.700
Transfers from three WGSB's to Natural Resources Wales restructuring: infrastructure costs needed to set up the new body by 01/04/13.	Revenue	-2.866 2.866

Business Case		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19- 22/23	Total
		£000	£000	£000	£000	£000	£000	£000	£000
Costs:									
Capital		3,710	4,425	3,950	1,200	500	480	0	14,265
Revenue		3,792	5,473	6,351	7,100	4,210	4,051	8,460	39,437
Risk & Contingency			700	300	0	0	0	0	1,000
Inflation on Costs		150	376	600	663	471	544	1,110	3,914
Programme Costs	Wales Bodies (inc' overrun risk)	3,392	3,940	2,120					9,452
	FCGB	200							200
Total Costs		11,244	14,914	13,321	8,963	5,181	5,075	9,570	68,268
Funded by:									
Welsh Government	GiA	4,500	4,000	4,000					12,500
	Capital Fund bid	3,710	300						4,010
	Invest to Save bid	2,549	476	-1,513	-1,513				0
Wales Bodies contribution to Programme Costs		3,392	3,940	2,120					9,452
Cash Realisable Benefits	Baseline	0	6,962	9,298	12,389	14,118	14,232	71,159	128,158
	Inflation			186	248	282	285	1,423	2,424
Total Funding		14,151	15,678	14,092	11,124	14,400	14,517	72,582	156,544
Surplus/(Deficit)		2,907	764	771	2,161	9,219	9,442	63,012	88,276

Forecast		<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19- 22/23</u>	<u>Total</u>
		<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Costs:									
Capital		5,018	4,761	1,950	1,200	500	480	0	13,909
Revenue		9,693	7,991	4,751	4,700	3,900	3,821	2,500	37,356
Total Costs		14,711	12,752	6,701	5,900	4,400	4,301	2,500	51,265
Funded by:									
Welsh Government	GiA - Revenue	5,866	3,000						8,866
	GiA - Capital	1,000							1,000
	Rev to cap tfr	4,500							4,500
	Invest to Save - IT/HR	2,549	476	-1,513	-1,513				0
GiA reduction									0
Cash Realisable Benefits	Baseline	0	3,546	3,903	15,631	16,844	20,386	99,380	159,690
	Inflation								0
Total Funding		13,915	7,022	2,391	14,118	16,844	20,386	99,380	174,056
Surplus/(Deficit)		-796	-5,730	-4,310	8,218	12,444	16,085	96,880	122,791

The NRW business case predicted the contribution to overall benefits from the merger shown in the table below:

Cash Realisable Benefits	Wales Bodies :	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19- 22/23</u>
		<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
	Amalgamation of Training Budgets of 3 Organisations	34	284	430	430	430	2,150	3,758
	Estate Rationalisation	633	633	634	634	635	3,175	6,344
	Finance non staff costs EAW	13	28	43	43	43	215	385
	Operational Field Workforce - rationalisation of fleet	315						315
	CIS net benefit	-806	-584	277	1051	1,077	5,385	6,400
	Comms - item 3Public Info non staff costs	39	39	39	39	39	195	390
	Operational Field Workforce - Plant running costs	115	172	187	187	187	933	1,780
	Operational Field Workforce - Contracted out work	169	253	275	275	275	1,375	2,623
	Legal non staff	99	99	99	99	99	495	990
	Senior Manager salary savings	630	630	630	630	630	3,150	6,300
	Wales body Staff costs	406	915	1135	1615	1,667	8,336	14,075
	Unallocated HO costs from 2017/18	728	728	728	728	728	3,640	7,280
	Supernnuation savings available from 13/14 paid in 11/12	667						667
Cash Realisable Benefits	EA Head Office	3,702	5,502	6,749	6,753	6,753	33,765	63,224
Cash Realisable Benefits	FCGB	217	599	1,163	1,634	1,669	8,345	13,627
Cash Realisable Benefits	Inflation on Cash Realisable benefits	0	186	248	282	285	1,423	2,424
Total		14,151	13,378	11,604	12,637	14,400	72,583	159,570