

Environment and Sustainability Committee

E&S(4)-24-13 paper 1

Draft Budget 2014 – 15: Paper from the Minister for Natural Resources and Food

Introduction

1. This paper provides background financial information to the Committee regarding the Department for Natural Resources and Food spending plans as outlined within the draft budget, published on 08 October 2013.
2. Annex A gives a breakdown of the Draft Budget, by Action, and by BEL within each Action and Annex C provides additional information to this evidence paper, as requested by the Committee on 5th August 2013.
3. In developing our budget proposals for the Natural Resources and Food MEG, we have ensured that our budgets are aligned to support delivery of the priorities as set out in the Programme for Government. In setting this Draft Budget, our key priority has been on protecting our investments to combat poverty through support for growth and jobs. That is why we have protected funding for our energy efficiency programmes.
4. The investments we are making to support our natural resources now and in the longer term are key in terms of preventative spend. This is particularly true in terms of flood prevention, given that 208,000 homes and businesses are at risk from flooding from rivers or the sea and a further 97,000 are at risk from surface water flooding. Investment to reduce risk to these and existing areas is necessary to protect any further investment in Welsh housing. Additionally, investing in flood defences makes an area more attractive to investors through the reduction of environmental risk.

Background and Summary

5. The draft budget figures may be summarised as follows:

	£m			
	2013-14 Supplementary Budget June 2013		Draft Budget 2014-15	Indicative Plans 2015-16
Revenue DEL	327.278	22.213	302.070	292.111
Capital DEL	86.624	42.500	113.640	107.640
Total DEL	413.902	20.287	415.710	399.751
AME	0	2.9	2.9	2.9
Total	413.902	23.187	418.610	402.651

Revenue

6. In the Draft Budget 2014-15, the Natural Resources and Food Resource DEL reduces by £22.213m, comprising the following reductions:

- i. Domestic Budget headroom for RDP – £18.1m
- ii. Waste strategy & waste procurement – £4m
- iii. Climate Change Action – £0.1m

7. In managing reductions, all budgets have been reviewed to consider their alignment with the priorities in the Programme for Government, economic impacts and the tackling poverty agenda.

8. On reviewing the domestic RDP budget requirements there will be some limited headroom in the Welsh Government rural allocation for the next two and a half financial years. This headroom in the domestic budget enabled much of the savings required to be absorbed within this budget to the amount of £18.1m. You will

wish to note that this will not affect the RDP overall budget as agreed with the European Commission, nor reduce Welsh Government's ability to draw down the EU funds allocated to us for the RDP. I can confirm that the RDP is forecast to achieve full commitment and spend of the total £847m allocation over the current RDP period.

9. Our spending plans in 2015–16 includes the repayment of £4.013m in respect of Invest-to-Save funding allocated in 2013–14 to support the reconfiguration of the workforce in Natural Resources Wales.
10. There is a baseline adjustment of £1.232m in 2014–15 in respect of a transfer to HM Treasury to make an adjustment in respect of the Vat status for the Natural resources Wales, which is cost neutral to the Welsh Government. This is not reflected in the figures above.

Additional Capital Allocations

11. In the Draft Budget 2014–15, the Natural Resources and Food Capital DEL increases by £42.5m, comprising the following allocations to support priorities in the Wales Infrastructure Investment Plan:
 - Flood Risk Management and Water: There is an increase to the capital budget of £7.5m in 2014–15 and £12.5m in 2015–16 to reduce flood and coastal erosion risk for an estimated 2,000 homes, businesses and vital infrastructure and improve community resilience to flooding;
 - Fuel Poverty programme: Investing in tackling fuel poverty in housing is one of our investment priorities as set out in the Welsh Infrastructure Investment Plan and to support this delivery an additional £35m Capital has been allocated with a further £35m in 2016–16. This funding will be used on Arbed ECO to improve the energy efficiency of 70,000

existing homes in Wales to bring them up to an acceptable energy efficiency standard (at least a D energy rating) by March 2016

Growth and Jobs

12. Green growth is defined by the United Nations as a path of economic growth that uses natural resources in a sustainable manner. To create green growth in a sustainable, thriving and prosperous economy in Wales, environmental and economic actions should go hand in hand and mutually reinforce each other. It not only protects our environment, but has the potential to drive Welsh wealth creation. It creates new jobs, commercial opportunities and saves businesses money. Green growth is a key driver for our vision for the sustainable future of Wales.

13. Investment in Flood and Coastal Erosion Risk Management is vital to alleviate risks and reduce the likelihood of major economic losses following flooding. We are investing over £51m during 2014–15 in essential flood protection programmes. Investment activity in flood prevention has demonstrable links to job creation and protection. 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. Flood investment also provides potential additional benefits to transport, infrastructure, tourism, recreation and regeneration.

14. We are investing £84m in 2014–15 in waste prevention, reuse, recycling and energy recovery, which is essential to secure efficiencies and money caused by the current over-reliance on landfill. There are significant opportunities for green growth through actions to deliver a circular economy for resources in Wales, capitalising on the inherent value of the materials contained in waste. The social enterprise refuse sector has significant potential for growth, and can support our efforts to tackle poverty, both in providing new jobs and skills to those who are

disadvantaged, and in the provision of low cost household items and food to those in poverty.

15. Increasing levels of energy efficiency is one of the main tools that we have to reduce energy bills, tackle fuel poverty and increase business competitiveness as well as meet our climate change targets. Action on energy efficiency has a very high labour co-efficient (HMT estimate that 32.6 jobs are supported/created for every £1m capital spent on domestic energy efficiency retrofit).
16. We have allocated £1m in 2014–15 to support Ynni'r Fro, which is our scheme to support renewable energy generation at community scale. This programme has already supported almost a hundred community scale projects, and is now providing targeted support to feasible schemes across Wales. It is a £15m scheme over 5 years, funded through European, Welsh Government and private sector sources.
17. Climate change is fundamentally linked to growth and jobs as it has an impact on our economic prosperity and crucially provides significant opportunities for the future and in particular around green growth. We have allocated £2.3m in 2014–15 which supports work on understanding the economic evidence and significant opportunities around climate change action – mitigation and adaptation – with green growth. The work also looks at climate resilience – for the economy, for society and for the environment.
18. Natural Resources Wales (NRW) is demonstrating an integrated and joined up approach to enable the sustainable development of Wales' natural resources with the assistance of £74m Welsh Government funding. NRW is demonstrating an integrated and joined up approach to enable the sustainable development of Wales' natural resources and is currently tackling some major issues, not least the challenges of tree health, including the spread of the disease *Phytophthora Ramorum*.

19. We have allocated £38m in 2014–15 to support Animal Health and Welfare, which is key in terms of disease prevention and fundamental to developing a sustainable food and farming industry. The Welsh Government supports the livestock farming industry in maintaining/ creating jobs and increasing profitability by enabling the industry to become more efficient and resilient against animal disease.
20. The Welsh Government continues to work to develop its fisheries strategy and implementation plans to develop and manage a sustainable fishing and aquaculture industry as part of a wider marine programme. We have allocated £2.1m in 2014–15 to support this work. This funding also reflects the statutory requirements of the Welsh Government to enforce EU, UK and Welsh Fisheries legislation and covers practical enforcement of these rules.
21. We continue to invest in the delivery of the food strategy for Wales by investing £5m in industry support and trade development. We are delivering a series of programmes designed to develop stronger links within the supply chain and to promote the success and sustainable growth of food and drink businesses. The Minister for NR&F is developing a new action focussed strategy, "The Pathway for Growth: A Strategic Action Plan for the Food & Drinks Industry in Wales 2014–2020", and will consult on his proposals before the end of the year. The Minister issued a Written Statement in July which signalled the way forward on the branding of Welsh produce including developing the 'Food and Drink Wales' identity. This will form part of the consultation.
22. The current Rural Development Plan (RDP) programme (2007–2013) will continue to operate until December 2015 (under the N+2 rule which allows expenditure to be incurred two years after the current RDP period end) and as such, an indicative allocation of £37m has been made in 2014–15 to support the delivery of the current programme.

Educational Attainment

23. We have allocated £0.3m in 2014–15 to support the Eco-Schools programme, which is an international initiative covering 53 countries world-wide organised by the Foundation for Environmental Education (FEE). The programme inspires and empowers pupils to be leaders of change in their communities and widens learning beyond the classroom to develop responsible attitudes and commitment, both at home and in the wider community.
24. We are committed to ensuring a prosperous future for Welsh farming and recognise the importance of attracting and supporting a steady flow of new entrants and young farmers with innovation, drive, and entrepreneurial skills. To support this we have allocated £1.7m in 2014–15 for the Young Entrant Support Scheme (YESS), which provides assistance to young farmers setting up as head of holding for the first time. This funding also supports a Skills Development programme, which is delivered through Farming Connect in conjunction with LANTRA and offers subsidised learning opportunities that aim to improve working practices within the business, support meeting statutory requirements as well as helping to diversify the business in to new areas

Supporting Children, Families and Deprived Communities

25. We are providing £5.6m funding to the Tidy Towns initiative, Keep Wales Tidy and the Cynefin change programme. Through these initiatives we are able to have a programme of work focused on improving the local environment of communities, targeting issues such as fly-tipping, litter, dog fouling and other forms of anti social behaviour. We also use this resource to deal with issues that carry public health concerns, such as contaminated land and statutory nuisances.
26. Through these initiatives we are able to have a programme of work focused on improving the local environment of communities,

targeting issues such as fly-tipping, litter, dog fouling and other forms of anti social behaviour. We also use this Resource to deal with issues that carry public health concerns, such as contaminated land and statutory nuisances. These issues are often most prevalent in more deprived communities and they prevent local residents from taking pride in their area.

27. We have continued to protect investment in energy efficiency schemes such as NEST and Arbed and will be investing over £67m during 2014-15, including additional capital funding of £35m. These schemes are targeted at improving the energy efficiency of communities and help to tackle fuel poverty, reduce energy costs, reduce carbon emissions as well as providing significant community benefits and market development in energy efficiency. Alongside this funding we will look to increase investment by attracting the new energy company obligation, ECO into Wales to operate alongside our Nest and Arbed programmes and through joint partnership with local authorities, registered social landlords and energy companies.

Legislation

28. The Environment (Wales) Bill sets out proposals to put in place a framework that enables an integrated approach to natural resource management in Wales. There are no implementation costs for the current budget round.
29. The Control of Horses (Wales) Bill will provide all local authorities in Wales with the same legal powers to seize, impound, sell, dispose and destroy horses by humane means, and after certain notifications and time limits, when they are found causing nuisance by fly grazing in a local authority area. We have allocated £0.25m in 2014-15, which will be used to see the Bill through to fruition, erect fences and provide security and management during this first year. This funding has been earmarked within the Delivering programmes within the Rural Development Plan Action.

30. The Agricultural Sector (Wales) Bill was introduced as an emergency Bill in 2013 in order to retain the comprehensive protection for agricultural workers in Wales following the abolition of the Agricultural Wages Board for England and Wales and offer safeguards that are similar to those currently in place in Scotland and Northern Ireland. This Bill has been passed by the Assembly but Royal Assent is subject to a decision by the Supreme Court on the Assembly's legislative competence. The Bill, if enacted in its current form, is estimated to cost £183k per annum in support to the Agriculture Advisory Panel, which will be funded from the Agriculture, Food and Marine budgets.
31. We are also contributing to a number of other Bills within the Welsh Government programme and engaged with UK Government's Bills including:
- **Water Bill** – seeking additional powers for Welsh Ministers;
 - **Energy Bill** – Energy Policy advising on the implications of Electricity Market Reform;
 - **Deregulation Bill** – designed to reduce the burden of excessive regulation on business;
 - **Anti-social Behaviour Crime and Policing Bill** – which includes provision to amend the Dangerous Dogs Act 1991.

Alun Davies
Minister for Natural Resources and Food

**Additional Information – Draft Budget 2014–15 – Department for
Natural Resources and Food**

Reconciliation following change to Ministerial responsibilities

Following the changes to Ministerial portfolios this year, we wish to compare 2013–14 with allocations for 2014–15 (and indicative for 2015–16). To allow us to do this, can you please provide a reconciliation showing any changes to BEL allocations, whether due to transfers or increases in allocations, between these years?

The BEL table for Natural Resources and Food is attached at Annex A. This shows the June supplementary Budget as the 2013–14 baseline and the baseline for 2014–15 is the indicative plans taken restated Final Budget 2013–14. The 2015–16 Indicative plans and changes are shown for the first time.

Money transferred from the RDP to BETS Sectors action

When you appeared before the Committee in February, we discussed £20.3 million that was transferred from the current RDP to the Sectors action within BETS. You indicated that this money would be transferred back to the RDP. What happened to money that was transferred to BETS? Has it been transferred back to your portfolio?

No provision has been made in the financial plans in respect of the £20.3m as it was to be returned non-recurrently to the RDP in 2013/14, and the 2014/15 baseline has not been affected. You will wish to note that this will not affect the RDP overall budget as agreed with the European Commission, nor reduce Welsh Government's ability to draw down the EU funds allocated to us for the RDP. I can confirm that the RDP is forecast to achieve full commitment and spend of the total £847m allocation over the current RDP period.

Fisheries enforcement vessels

Please provide us with an update on the procurement of fisheries enforcement vessels and indicate where the capital allocation for the purchase and fitting of these vessels is planned for in your draft budget.

Procurement of Fisheries enforcement vessels: £5.5m (2014/15)
Officials have recently undertaken a tendering exercise to procure expert services to examine the business and statutory need to produce a set of requirements and procurement options. The contractor will also be retained to advise Welsh Government on the procurement of the enforcement vessels. Officials expecting to complete the requirements and procurement options in January 2014 and plan to undertake procurement exercise in spring of 2014.

Marine and fisheries strategic action plan

Will there be a combined budget for delivering the marine and fisheries strategic action plan? Please identify allocations for delivering the marine and fisheries strategic action plan.

Yes. The figure for delivering the combined marine and fisheries strategic action plan for 2014/15 is: £1,241,000. However, I recognise that there may be further pressures here and I am examining the current Rural Development Plan budget to see if this can help meet these pressures.

Fisheries quota management

Since the start of the year, you have had devolved responsibility for quota management. Can you please identify any allocations in your draft budget that could support the purchasing of additional fisheries quota for the Welsh fleet?

There are currently **no** financial allocations in the marine and fisheries budget to support the purchasing of additional fisheries quota for the Welsh fleet. However, officials swap quota for underutilised species and negotiate a substantial quota contribution from the Wales and

West Producer Organisation, under their economic link conditions, to obtain more quota for the Welsh under 10 metre fleet.

Fuel poverty

Please identify allocation for combatting fuel poverty.

The budget allocation for combatting fuel poverty is:

Revenue: £3.45m

Capital: £58.577m (Inc. £35m additional capital funding)

This funding supports NEST, Arbed and Arbed ECO.

Ensuring that our energy efficiency and fuel poverty schemes can leverage funding into Wales from the new energy supplier obligation ECO. We have received additional capital funding of £35m per annum for 2014/15 and 2015/16 which will enable us to attract in the region of £70m of ECO funding into Wales.

In early 2013 we put additional resources into area based activity through an Arbed Green Deal programme and an Arbed ECO programme to complement our Arbed ERDF project. This investment supported energy efficiency improvements in an additional 1,530 homes. It also helped to give companies operating in the sector continuity following the end of the previous energy company obligation, CESP that ended in 2012 and a slow take up of the Green Deal and the new energy company obligation, ECO. Do we need this?

This is complemented by our successful fuel poverty scheme Nest. In 2012/13 Nest helped over 21, 500 households with advice and provided over 4,900 of those households with a package of free home energy improvements. We are now working with the scheme managers British Gas to attract ECO alongside Nest.

We are considering how we can increase community support for renewable energy to complement our work on energy efficiency, so that fuel-poor communities have renewable alternatives to LPG and oil

based heating. We will explore opportunities for initiatives such as district heating networks.

Our existing community energy programme Ynni'r Fro has advised and worked with over 200 community groups and is now concentrating resources within 24 communities across Wales to develop community renewable projects.

We are working on new approaches to help vulnerable communities to develop capacity to engage with energy developers, enabling joint ownership schemes so that they can receive a long-term income. In addition, the Energy Programme is examining at the issue of community benefits from large-scale wind developments.

Flooding

Please provide total revenue and capital allocated for flood risk management schemes.

The budget allocation for Flood Risk management schemes:

Revenue: £27.398m

Capital: £24.332m (Inc. £7.5m additional capital funding)

Flood and Coastal Erosion risk have huge impacts for the prosperity of Wales, with around one in six properties affected.

The focus of the budget is on the reduction of flood and coastal erosion risk. This is done through a number of preventative activities that include the construction of flood and coastal defences, maintenance work, frontline staff, informing and warning activities.

75% of this investment can be linked to preventative spend. This includes capital investment in flood and coastal defences, maintenance works, the cost of frontline operational staff and programmes including Flood Awareness Wales and Flood Warnings Direct, both of

which focus on informing and warning to enable appropriate action to be taken during a flood event.

This ties in to Programme for Government targets, with investment in defences linked to the target of 'No of properties benefitting from enhanced flood protection' and 'No of communities with a Community Flood Plan' and 'No of Community Flood Plans tested' linking to awareness raising activities.

Working smarter

Please set out how you are monitoring savings from Working Smarter and how these savings have influenced your future financial planning.

Working Smarter currently comprises 4 projects as follows:

(i) Better Regulation – delivery of 78 recommendations to improve the regulatory framework for farming customers, of which 42 have been delivered to date. There will be opportunities for regulators including Welsh Government to make budgetary savings e.g. through undertaking fewer inspections if earned recognition can be developed further or administering Single Payment when on-line SAF replaces all hardcopy. At present it is too early in the delivery of Better Regulation to sensibly estimate financial savings;

(ii) Livestock EID – Some years hence when animal tracking is entirely through electronic identification efficiency savings should be realised e.g. reduced need for farm inspections and associated cost;

(iii) Commons Act implementation – as EID – a decision is awaited from Ministers in relation to funding the digitising of Commons Registers. This would improve accuracy and efficiency with consequent time savings for Local Authorities and WG. Other elements of the Commons Act are progressing;

(iv) Responsibility and Cost Sharing – this project remains at an early stage as lead officials have been diverted elsewhere (Fly-Grazing Bill, Food Strategy).

Natural Resources Wales

Please identify any additional functions that are to be transferred to Natural Resources Wales and the funding that will be transferred to Natural Resources Wales to perform any additional functions.

I currently have no plans to transfer any additional duties to Natural Resources Wales other than those that transferred on the 1st April 2013 which were the marine and wildlife licensing functions. However, on 29 May 2012 the Welsh Government published a consultation paper on the future delivery of IDB functions in Wales; *Internal Drainage Districts and Internal Drainage Boards Wholly or Mainly in Wales: A Consultation*. The consultation identified that the preferred option of the Welsh government was a transfer of IDB functions to the new single body; Natural Resources Wales.

The consultation was developed in support of the work on the establishment of Natural Resources Wales and the wider Living Wales Programme. It built on previous reviews of IDB carried out in 2005 and 2009 and was aligned with the Welsh Governments commitment to public service reform in Wales.

A commitment was given within the consultation to consider both the Wales Audit Office findings in respect of Caldicot and Wentlooge Levels IDB and the outcomes of the consultations '*Natural Resources Wales*' and '*Sustaining a Living Wales*'. This work is currently being undertaken and a decision on the matter is expected shortly.

Please provide the detailed baseline and savings profile figures for Natural Resources Wales, reconciled with the original Business Case figures.

Summary of Business Case Benefits (all figures in £m)						
Financial Case - cash benefits						
	2013/14	2014/15	2015/16	2016/17	2017/18	10 year total
2011 Business Case	6.295	9.299	12.389	14.118	14.232	127.494
Updated figures	-2.721	7.679	12.976	13.879	14.734	127.150

NRW has signed off agreed cash realisation figures of £127.15m, only £0.344m less than that estimated in the business case. The profile of the savings has changed to reflect the IT solution which has required earlier investment than anticipated in the Business case.

Ecosystems services

What investment is to be made in ecosystems services and what portion of your budget is being allocated to lever in private support for the development of these services and/or to develop a market for ecosystems services? How much has been allocated for resilient ecosystem projects and what demand are you expecting for this scheme?

£1.5 million is being made available for Resilient Ecosystems Fund (REF) projects for years 2013–14 and 2014–15. Ninety-seven applications have been received.

Building on from the REF fund we will also be providing change funding to support new landscape-scale action across Wales. £6

million has been allocated to support the Welsh Government's long term policy direction on Natural Resource Management. This new funding aims to drive more joined-up and collaborative action that will build the resilience of natural systems and Wales' biodiversity within the context of both the ecosystem services and the societal benefits that our natural environment provides. We are currently developing the funding approach but we anticipate there will be demand for this funding.

In addition there is £50k allocated for Payments for Ecosystem Services (PES) research. The research aims to determine the role of PES in taking forward the Welsh Government approach to Natural Resource Management. A further £29k has been allocated for a Business and Ecosystem Project funded which supports opportunities to develop markets for green growth.

Response to the State of Nature report

As part of your response to the State of Nature report, you announced an additional £6 million to assist with halting biodiversity loss. At the Royal Welsh Show, you stated that this was new money from a 'domestic' source. Please identify the source of this £6million.

The £6 million funding will be utilised from the headroom within the current domestic RDP budget. Although likely to be spent across two financial years, the headroom within the domestic RDP will be sufficient to cover this commitment. I am currently reviewing a number of pressures across my portfolio, and I will make a decision shortly of how to allocate the headroom to these commitments. Funding of this commitment and other pressures will not affect the ability to fully spend and utilise the RDP commitments both domestic and EU.

Bovine Tuberculosis

Further to concerns raised by the Committee last year, what steps has the Minister taken to clarify the budget for addressing Bovine TB?

A new structure for the OCVO Strategic Priority Area (SPA) has been introduced to enhance transparency of budgets. There is now an additional Action, and both Actions have been more appropriately named to more clearly identify what the budgets within the actions support. In particular you will see that the Animal Health VLA BEL 2271 now comes under the Action for Management and Delivery of TB eradication. A new BEL has also been created to clearly identify the expected EU Income in respect of the TB eradication plan.

Action	Description	BEL	2014-15 £m	2015-16 £m
Support & delivery of the Animal Health & Welfare programme/strategy	Animal Health Welfare	2270	0.600	0.600
Management & delivery of TB Eradication and other Endemic diseases	TB EU Income	2269	-3.000	-3.000
	Animal Health VLA	2271	18.781	18.781
	TB Slaughter payments, costs & receipts	2272	11.660	11.660
	TB Eradication	2273	10.000	10.000
	Totals		38.041	38.041

European funds and programmes

We wish to see your domestic allocations alongside the European match funding that they will attract. This is in keeping with recommendations made in the Committee of the Regions' Opinion 'Creating greater synergies between EU, national and subnational budgets'. Below are specific areas of interest to the Committee in this regard: Rural Development Plan – match funding. Please provide a table with your domestic allocations alongside the European Commission match funding you are planning for and total figures for

the 2007–13 Rural Development Plan and for the new Rural Development Plan.

Please provide clarity on the amount of funding you will need to draw down during the 2014 transition year from the new Rural Development Plan allocation to ensure the continuation of existing schemes.

Attached at Annex B is a table showing the EU and domestic forecast spend for 2014–15 in respect of the 2007–13 Rural Development Plan. The co-financing of the EAFRD funds with WG domestic funds is a regulatory requirement and the total RDP financial package, including both EU and WG funds, is approved by the EC.

The financial allocations for the new Rural Development Plan will not be known until the RD regulations are published, the UK and Wales allocations confirmed, and the RDP for Wales 2014–20 finalised and approved. Officials are working on the detailed planning for the next programme and the EC has indicated that the regulations are expected to be finalised in November.

No funding is planned to be drawn down in 2014 from the new RDP allocation. The spending planned for 2014 and 2015 is from the existing allocation and in respect of the 2007–13 RDP as the N+2 rules allow these funds to be spent up until the end of 2015.

European Maritime and Fisheries Fund

How have you allocated budget to maximise funding from the European Maritime and Fisheries Fund, and how do you intend to utilise this funding? Please provide a table with your domestic allocations alongside the European Commission match funding you are planning for and total figures.

The Regulation for the European Maritime and Fisheries Fund has yet to be finalised and, as such, the co-financing requirement is not yet known. Until agreement on the regulation has been reached and the UK allocation is split between the four UK administrations it will not be

possible to allocate a budget for co-financing. Officials are working with the other parts of the UK to ensure that Welsh priorities are reflected in the UK Operational Programme.

As soon as the indicative allocation for Wales is known and the co-financing requirements are finalised in the regulation, the Welsh Government will then be in a position to finalise the co-financing requirements for the EMFF

*European Competitive Grant Programmes – Welsh Government
How are you taking into account the opportunities presented by competitive grant programmes in your financial planning? (E.g. Horizon 2020, LIFE, COSME). We wish to see greater clarity in terms of your financial planning in instances where you anticipate bidding into competitive grant programmes. Please identify the grant schemes you are planning to bid into, where you have allocated funding for making bids, and the proportion of relevant BELs that are allocated for making bids.*

The European Union have committed that climate mitigation/adaptation action must account for 20% of funding from major European funding programmes. As the EU's financial instrument supporting environmental and nature conservation projects throughout the EU, there is therefore the opportunity to link this with support for climate mitigation and adaptation. This provides an opportunity to support the building of resilience and green growth in Wales. We are therefore exploring the potential to use LIFE to complement our wider work on climate change and natural resource management.

The EU's 7th Research Framework Programme (FP7) will be succeeded in January 2014 by the **Horizon 2020** Programme for research and innovation. The European Commission is developing work programmes for the first calls for proposals expected to be published on 11 December 2013. New to Horizon 2020 are the "focus areas" identified as being particularly important in supporting economic growth. These will form part of the work programme alongside the

more usual “general call” based on the Horizon 2020 Specific Programme text.

We have fed into this process by commenting on early work programmes and identifying any alignment and omissions with WG policy priorities. To date we have fed into the Societal Challenge 2: “Food security, sustainable agriculture and forestry, marine and maritime and inland water research and the bio-economy” and Societal Challenge 5 “Climate Action, Environment, Resource Efficiency and Raw Materials”

In addition, we are looking to work with NRW to ensure we utilise domestic funding where ever possible for leverage of European funding . WG hosted a conference with NRW last month to look at how we can access LIFE/Natura funding. This will help us deliver in the long term in relation to how we manage our natural resource for the benefit of society.

European Competitive Grant Programmes – other bodies

How are you supporting Assembly Government Sponsored Bodies, as well as other public and private sector bodies, to bid into competitive grant programmes? As part of your financial planning, do you make any assumption about the total amount of competitive grant funding to be obtained by Wales from all sources, within your portfolio area? Do you place any expectations on Assembly Government Sponsored Bodies, in terms of the level of grant funding they are expected to successfully bid for, when considering the funding you provide to them?

There are no current expectations on further bids from our sponsored bodies and as such there are no further assumptions in our financial plans, however,

we will continue to explore other funding routes with the Natural Resources Wales and other Non Governmental Organisations and as I mention above there may be potential to develop projects around the additional £6m funding allocated to Natural Resource Management and Ecosystems.

Loan financing

How does loan financing from the European Investment Bank feature in your financial planning?

There are no current assumptions in our financial planning regarding loan financing from the European Investment Bank (EIB). However, we will explore and discuss with the EU, potential opportunities from the EIB on the availability of funding to support Green Infrastructure and any future developments of financial instruments to support this.

Legislative programme

Please provide:

- *Allocations for Welsh legislation which is planned in the legislative programme which is likely to impact in the 2014–15 financial year;*

Animal Welfare

In response to comments made by European Commission auditors and also recently by the Director of DG Sanco Veterinary and International Affairs, the Welsh Government is considering options for a revised TB compensation regime.

Some other areas of legislative change which may have some low cost implications include:

New EU Regulations for Welfare at Time of Killing will be introduced in Wales early in 2014. The intention is to review how these are operating with a view to consideration of whether further, more specific to Wales, regulations should be made.

The Animal Welfare (Breeding of Dogs) Regulation 2013 should be commenced spring 2014. It is envisaged the breeding industry itself will pay a realistic licence fee to the LA to effectively support the revised licensing process.

Micro-chipping of dogs in Wales: A regulation is to be laid in Spring 2014 with a commencement date of April 2015 for compulsory chipping. Wales is working closely with Defra who are also introducing compulsory micro-chipping. There may be some consequential costs for Wales in relation to micro-chipping data work that has to be in place for the whole of the UK.

Environment Bill

The Environment (Wales) Bill sets out proposals to put in place a legislative framework that enables an integrated approach to natural resource management in Wales. There are no implementation costs for the current budget round.

Agriculture Sector (Wales) Bill

The implementation of the Agriculture Sector (Wales) Bill is anticipated to incur costs of £183k in 2014–15, with costs attributed to the Advisory Panel, inspection and enforcement and ad-hoc queries. The Bill has been referred to the Supreme Court and the anticipated costs are based upon the Bill being enacted in its current form.

Statutory Management Requirements and Good Agricultural and Environmental Condition

Regulations will be introduced in January 2014 and January 2015, implementing the European Regulations which govern the Statutory Management Requirements and Good Agricultural and Environmental Condition requirements which have to be complied with, by farmers receiving payments under the Common Agricultural Policy. The anticipated costs associated with communication of the revised regulations in 2014–15 are £20k.

The Control of Horses (Wales) Bill

The Control of Horses (Wales) Bill will provide all local authorities in Wales with the same legal powers to seize, impound, sell, dispose and destroy horses by humane means, and after certain notifications and time limits, when they are found causing nuisance by fly grazing in a local authority area. We have allocated £0.25m in 2014–15, which will be used to see the Bill through to fruition, erect fences and provide security and management during this first year. This funding has been earmarked within the Delivering programmes within the Rural Development Plan Action.

- *Information on the impact on the budget of any UK legislation in your portfolio area.*

The Welsh Government is working closely with Defra on the HO Anti-social Behaviour, Crime and Police Legislation and the development of guidance for enforcers/practitioners in relation to its application to dogs. There may be some impact on budgets, specifically in relation to changing behaviour of dog owners and encouraging responsible dog ownership.

The Welsh Government has also agreed to the Wild Animals in Circuses Bill being a piece of UK legislation. The Bill has yet to be identified in the Parliamentary legislative programme.

Programme for Government

Please provide:

- *Details of the costs associated with Programme for Government commitments within your portfolio and/or any work being undertaken to assess such costs; Whether these commitments are deliverable within the available portfolio budget and details of any areas where affordability is a concern; and Information relating to how the delivery of the commitments in the portfolio, and their associated outcomes will be monitored and evaluated to demonstrate value for money.*

This budget settlement will enable the Welsh Government to support and deliver our commitments under the Programme for Government. Current financial pressures have put even more importance on ensuring the right resources are aligned to commitments and in managing reductions, we undertook a full review of my budgets in order to ensure that allocations are fully aligned to deliver the priorities set out in the Programme for Government.

Annex C will detail the budget by Action and how these are aligned to the Programme for Government Sub Outcomes. Whilst this is a high level mapping exercise, work is on-going to map PfG commitments to budget BEL level, to ensure fuller financial scrutiny of costs and their links to PfG commitments.

There are various components associated with the actions that underpin the PfG commitments and work is undertaken to evaluate cost implications of any new actions introduced.

For example, work in the TB Intensive Action Area was reviewed ahead of the second year of implementation and lessons learnt applied. In addition, budgets for the Animal Health and Veterinary Laboratories Agency (AHVLA) were devolved by Defra in April 2011 but under a GB wide Ministerial agreement to pay back the level of costs until April 2015. This arrangement is being reviewed in preparation for 2015 to ensure that the most cost effective arrangement that continues to offer Wales adequate protection for managing animal disease outbreaks and protection to human health.

Ensuring effective animal disease control is an on-going and frequently complex and changing process and heavily influenced by EU requirements, surveillance and scientific research. AHVLA are the main delivery agent for ensuring controls is applied in accordance with Welsh Government legislation. The Service Level Agreement with AHVLA is reviewed and negotiated annually where discussion takes place on priorities and cost and assessed against available budgets to ensure a balance is struck between requirements, cost and

affordability. Since devolution the work of AHVLA has been delivered within the budget.

You will see from the evidence paper and supporting budget sheets that I have also looked to protect budgets again in 2014/15 which are vital in supporting the most vulnerable in society. For example, Investing in fuel poverty in housing is one of our investment priorities as set out in the Programme for Government and I am committed to ensuring that fuel poverty is a key part of the Tackling Poverty Action Plan. I have therefore protected that budget

The agricultural economy continues to benefit from high performing services with 97% of Common Agricultural Payments being made by the end of December in 2012 which constitutes Europe leading performance and more than 90% of cattle reacting to Bovine TB tests being removed from herds within 10 working days.

On 1 April 2013, Natural Resources Wales was established to bring together the functions of the (former) Environment Agency Wales, Forestry Commission Wales and the Countryside Council for Wales. Natural Resources Wales' core purpose is to ensure that the natural resources of Wales are sustainably maintained, enhanced and used – now and in the future.

Following publication of a Green Paper, 'Sustaining a Living Wales' in 2012, the Welsh Government is developing proposals for an Environment Bill and delivering a wider package of reforms, working closely with Natural Resources Wales and other partners, to continue to deliver Programme for Government commitments in relation to integrated natural resource management and embedding of the ecosystem approach.

Preventative spending

Please provide:

- ***The proportion of your portfolio budget allocated to preventative spending measures;***

- *Details of what specific policies or programmes in the portfolio are intended to be preventative; and*
- *How the value for money of such programmes is evaluated, with a particular focus on what the specific inputs and intended outcomes are.*

We would also like information on specific preventative programmes within your portfolio area. Please provide:

- *The level and location of provision in the budget for these plans/programmes;*
- *Arrangements for evaluating how these measures are delivering against their stated outputs and outcomes; and*
- *Where possible details of any such assessments/evaluations.*

The investments we are making to support our natural resources now and in the longer term are key in terms of preventative spend. There are many examples within my portfolio where our investments are preventative in nature, not just in terms of preventing unnecessary future investments, but also preventative in terms of legislation or risk of infraction, and below are some examples of these programmes.

Flood prevention

This is particularly true in terms of flood prevention, given that 208,000 homes and businesses are at risk from flooding from rivers or the sea and a further 97,000 are at risk from surface water flooding. Investment to reduce risk to these and existing areas is necessary to protect any further investment in Welsh housing. Additionally, investing in flood defences makes an area more attractive to investors through the reduction of environmental risk.

Investment activity in flood prevention has demonstrable links to job creation and protection. 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. Flood investment also

provides potential additional benefits to transport, infrastructure, tourism, recreation and regeneration.

Animal Health and Welfare

£25.8m of expenditure relating to funding the services of AHVLA (£15.8m together with the £10m TB Eradication budget) is aimed at delivery of control requirements. The application of animal disease controls helps prevent the spread of disease.

The policy that underpins the payment of compensation (budget of £11.6m) also acts as leverage to aid control e.g. measures to aid control such as reducing the level of compensation paid where breaches are identified. The slaughter of the cattle to prevent further spread of the disease is also relevant to the steps taken to aid control.

County Parish Holding (CPH) Project (Proposed)

The CPH reference number underpins a number of control systems as it is used to identify farmed holdings. Its primary purpose is to identify and trace the location of livestock, as required by European Regulation, for cattle, sheep and goats and pigs.

The current CPH system has become increasingly ineffective over recent years and now includes a number of concessions which further weaken it. The delivery of the new CPH allocation services in Wales would satisfy EU requirements further and reduce the risk that Wales' current system of holding (farm) registration being singled out for criticism and risk the TB eradication plan approval and the circa £3m in European co-financing.

Proposed Costs

2013/14	2014/15	2015/16	2016/17	TOTAL
0.083m	2.040m	1.542m	1.109m	4.774m

EIDCymru – An electronic sheep movement recording system and database for Wales (Proposed)

European Council Regulation 21 /2004 established the basis for a European system to identify and record movements of sheep, goats and deer. These requirements have their origins in the Foot and Mouth disease outbreak in 2001 following which the UK was heavily criticised for having a system of uncontrolled sheep movements which was seen to exacerbate the outbreak.

The current minimal paper based system of sheep recording has deteriorated over time and it is extremely unlikely to satisfy the European Commission that Wales has implemented the regulation effectively. A FVO fact finding mission carried out in 2011 expressed concerns that England and Wales' implementation was not comparable to that of Scotland and Northern Ireland, who have developed electronic systems.

There is a risk that the EC could find areas for improvement. It is possible they could seek to impose a flat rate correction for deficiency of controls or alternatively consider that a key control was not being administered sufficiently. The minimum rate of disallowance is 5% (rising to 25% dependant on severity of the deficiency) on the cross compliance population (defined by the EC as 10% of the total expenditure of schemes covered by the cross compliance regime). A 5% disallowance would result in a cost in the region of €3.4m each year for the two years prior to discovery.

Proposed Costs

2013	2014	2015	2016	2017	2018	2019	Total
0.936m	0.707m	0.506m	0.486m	0.486m	0.486m	0.486m	4.112m

Commons Act 2006 – Electronic Registers (Proposed)

The introduction of electronic registers of common land would ensure that the system across Wales is developed to a consistent standard, specification and security level. Responsibility for the implementation and funding of the provisions contained within the Act lies with the Welsh Government.

The development of a national system also avoids the risk of some of the 22 local authorities developing differing systems making a national picture impossible and therefore negating national benefits for livestock traceability.

Speed and effectiveness of response to any disease outbreak amongst animals on or in the vicinity of common land and to verify applications which include common land elements would be increased. Electronic registers would provide instant information on a national basis whatever time or day any notification of an animal disease is received.

The majority of common land rights are for the grazing of sheep. An electronic system recording these rights and where they are exercisable will allow linkages to be made with EIDCymru in terms of sheep movement and responding to any disease outbreak and support revisions to the Common Agricultural Policy.

The Commons Act 2006 is an Act of Parliament; to under implement would risk a judicial review.

Proposed Costs

	2013/14	2014/15	2015/16	2016 / 2018-19	Total
	0.40 m	1.95m	2.00m	0.61m	4.9m

Local Environment Quality

We are providing £225k annually to Natural Resources Wales to run the Fly-tipping Action Wales programme. The purpose of this

programme is to prevent fly-tipping in Wales through education, enforcement and engagement. The programme brings a range of stakeholders together to tackle the issue.

The Fly-tipping Action Wales programme is monitored and evaluated through quarterly meetings and progress reports.

The Tidy Towns and Tranquil Greener Cleaner Places grant schemes encourage applications for projects covering preventative spend by dealing with issues such as littering, dog fouling and air quality improvement measures. There is currently no ring fenced allocation for such projects in the overall grant budgets of £3 million, but such projects are judged on a competitive basis with all the project applications received in a particular year. Monitoring and evaluation for these grant schemes takes place through progress reports and project completion reports.

Future planning

Please provide details of work being done within your department to assess the long-term financial sustainability of your commitments and priorities given the potential for further reductions and other pressures such as demographic pressures.

There are regular financial reviews and my officials are currently finalising the business plans across the three areas of my portfolio. These plans will look at short and long term commitments and we must look critically at our commitments given the financial climate ahead of us. I am currently considering a number of short and long term pressures within my portfolio which is being evaluated in line with projected financial headroom across my budgets and the longer term financial effects of any decisions. These pressures and commitments must be in line with the budget priorities of promoting jobs and growth and eliminating poverty. There are still some unknowns in the longer terms such as the 2014-20 RDP EU settlement, but we will work to ensure departmental business plans are financially sustainable going forward. Some examples of commitments going forward are:

The Great Britain Animal Health & Welfare Strategy will end in 2014. Work is on-going to develop an Animal Health and Welfare Framework for Wales for launch in summer 2014. The intention is to take a fresh view of future needs and requirements and ensure there is a robust monitoring framework for animal health & welfare going forward. This approach is aimed at helping to establish an improved evidence base to underpin existing as well as new financial commitments and be used to make strategic decisions on how funding is deployed to maximise benefit. It will also build upon the partnership approach between industry, delivery agents and Government to delivery on agreed animal health and welfare outcomes.

The County Parish Holding, EIDCymru and Electronic Registers of Common Land projects identified above under the "Preventative Spending" section have been subject to a full business case or option appraisal consideration. The projects have also been developed as part of the Working Smarter Programme and therefore they have been subject to programme disciplines and procedures.

I issued an oral statement to Plenary on 24th September outlining my intention to consult on a plan for growth in the food industry. The plan will consist of targeted actions to deliver sustainable jobs green growth and improved health and well being. These will be agreed by the industry and will set milestones capable of being measured against performance. The plan is expected to be launched early 2014.

In the light of the requirements of the EU Energy Efficiency Directive, UK Government (DECC) are considering what may be necessary future developments following on from the current Energy Company Obligation (ECO) arrangements. We are working closely with DECC on compliance with the Directive and remain in close contact with them also on their various Green Deal initiatives. The future shape of our own programmes will need to be developed in such a way as to ensure that Wales can continue to benefit from whatever new arrangements emerge from UK Government, whilst enhancing further the additional focus on actions to tackle poverty that Welsh Government has achieved through our current programmes: Nest and Arbed.

Our intention is to examine afresh Wales' energy efficiency and fuel poverty challenges, to refresh our evidence base and to develop a strategy that, in addition to making optimum use of our funding, will leverage and promote increased investment from Local Authorities, RSLs and the Private Sector. Fuel poverty affects all aspects of people's lives: it puts the elderly at risk, is at the heart of wider poverty and deprivation suffered by families across Wales and blights the development of their children. For this reason the budget for 2014-15 has not only been protected but will receive additional capital funding of £35m.

A new fly-tipping strategy for Wales is currently being developed with partner organisations to ensure that there is a robust framework for dealing with fly-tipping in the future. The new strategy is expected to be launched in spring 2014.

Alun Davies

Minister for Natural Resources and Food

NATURAL RESOURCES AND FOOD MAIN EXPENDITURE GROUP (MEG)											
SPA	Actions	Budget Expenditure Line (BEL)	BEL	Division	2013-14 Sup 1 Budget	2014-15 Draft Budget	Changes	2014-15 Revised Draft Budget	2015-16 indicative Budget	Changes	2015-16 Revised indicative Budget
REVENUE BUDGET - Departmental Expenditure Limit					£000's						
Climate Change and Sustainability	Develop and deliver overarching policy and programmes on sustainable development and environment	Environment Legislation and Governance	2812	Sponsorship	181	181	0	181	181		181
		Sub Total			181	181	0	181	181	0	181
	Develop and implement climate change, emission prevention and fuel povert policy, communications, legislation and regulation	Climate Change Policy	2815	CC;NRM	660	410	250	660	410	250	660
		Climate Change Action	2816		2,426	2,456	-836	1,620	2,456	-836	1,620
		Fuel Poverty Programme	1270	P&E	3,450	3,450	0	3,450	3,450		3,450
		Energy Efficiency Programmes	3771		5,300	5,300	0	5,300	5,300		5,300
		Sub Total			11,836	11,616	-586	11,030	11,616	-586	11,030
	Develop and implement flood and coastal risk, water and sewage policy and legislation	Flood Risk Management & Water	2230	EWf	27,398	27,398	0	27,398	27,398		27,398
		Sub Total			27,398	27,398	0	27,398	27,398	0	27,398
	Facilitate clean and secure energy and industry investment	Radioactivity & pollution prevention	2817	P&E	480	480	0	480	480		480
		Clean energy	3770	EWf	600	600	0	600	600		600
		Sub Total			1,080	1,080	0	1,080	1,080	0	1,080
	Manage and implement the Waste Strategy and waste procurement	Manage and implement the Waste Strategy and waste procurement	2190	Waste & Resource Efficiency	77,983	81,750	-3,720	78,030	81,750	-4,720	77,030
		Waste regulation	2194		300	300	0	300	300		300
Sub Total				78,283	82,050	-3,720	78,330	82,050	-4,720	77,330	
Total Climate Change and Sustainability					118,778	122,325	-4,306	118,019	122,325	-5,306	117,019
Environment	Deliver nature conservation and forestry policies	Environmental Mgt support funding	2824	LNFD	1,205	1,205	0	1,205	1,205		1,205
		Natural Environment	2825		725	1,975	-250	1,725	1,975	-250	1,725
		Marine	2826		0	120	-120	0	120	-120	0
		Forestry	2827		0	0	0	0	0		0
		Sub Total				1,930	3,300	-370	2,930	3,300	-370
	Manage and implement environmental improvement	LEQ & Keep Wales Tidy	2191	P&E	3,900	4,900	736	5,636	4,900	736	5,636
		Sub Total			3,900	4,900	736	5,636	4,900	736	5,636
	Sponsor and manage delivery bodies	Natural Resources Wales	2451	Sponsorship	79,953	74,215	-280	73,935	74,215	-2,781	71,434
		Natural Environment Framework: restructuring	2495		2,000	0	0	0	0		0
		Sub Total				81,953	74,215	-280	73,935	74,215	-2,781
Total Environment					87,783	82,415	86	82,501	82,415	-2,415	80,000
Evidence Base	Developing an appropriate evidence base to support the work of the Department	Pwllperian Depreciation	2808	LNFD	8	8	-8	0	8	-8	0
		Environment Management (Pwllpeiran)	2814		0	0	8	8	0	8	8
		Environmental Evidence & Support	2818		244	244	832	1,076	244	832	1,076
		Environment Research and Evaluation	2819		832	832	-832	0	832	-832	0
		Sub Total				1,084	1,084	0	1,084	1,084	0
	Protecting plant health and developing GM policies	Other Plant Health Services	2821	LNFD	52	52	0	52	52		52
Total Evidence Base					1,136	1,136	0	1,136	1,136	0	1,136
Total Directorate: Environment					207,697	205,876	-4,220	201,656	205,876	-7,721	198,155
Protecting and improving Animal Health and Welfare	Support and delivery of the Animal Health & Welfare programme/strategy	Animal Health and Welfare	2270	OCVO	600	600	0	600	600		600
		TB EU Income	2269		0	0	-3,000	-3,000	0	-3,000	-3,000
	Management and delivery of TB Eradication and other Endemic diseases	Animal Health VLA	2271		16,635	15,781	3,000	18,781	15,781	3,000	18,781
		TB Slaughter payments, costs and receipts	2272		11,660	11,660	0	11,660	11,660		11,660
		TB eradication	2273		10,000	10,000	0	10,000	10,000		10,000

NATURAL RESOURCES AND FOOD MAIN EXPENDITURE GROUP (MEG)												
SPA	Actions	Budget Expenditure Line (BEL)	BEL	Division	2013-14 Sup 1 Budget	2014-15 Draft Budget	Changes	2014-15 Revised Draft Budget	2015-16 indicative Budget	Changes	2015-16 Revised indicative Budget	
Total Directorate: Protecting and improving Animal Health and Welfare					38,895	38,041	0	38,041	38,041	0	38,041	
Agriculture, Food & Marine	Cost Sharing & Responsibility	Cost Sharing & Responsibility	2829	ARD	20	20	0	20	20		20	
		Sub Total			20	20	0	20	20	0	20	
	Making Payments in accordance with EU and WAG rules	Sheep Compensation	2274	RPW	300	300	0	300	300		300	
		Single Payment Schemes EU	2786	RPW	300,000	300,000	0	300,000	300,000		300,000	
		Single Payment Schemes EU	2788	RPW	-300,000	-300,000	0	-300,000	-300,000		-300,000	
		SP Administration	2790	RPW	7,050	7,050	0	7,050	7,050		7,050	
		Sub Total			7,350	7,350	0	7,350	7,350	0	7,350	
	Delivering the programmes within the Rural Development Plan	RDP Axis 1 - Farming Connect	2843	ARD	2,111	2,111	-571	1,540	2,111	-2,111	0	
		RDP Axis 1 - RDP Farm Advisory Service	2844	ARD	91	91	49	140	91	-91	0	
		RDP Axis 1 - Supply Chain Efficiency	2846	CAP Planning	2,923	2,923	-2,173	750	2,923	-2,788	135	
		RDP Axis 4 - Strategy	2847	CAP Planning	1,931	1,931	-380	1,551	1,931	-1,931	0	
		RDP Axis 4 - Co-Operation	2848	CAP Planning	131	131	138	269	131	-131	0	
		RDP Axis 4 - Running Costs	2849	CAP Planning	300	300	203	503	300	-167	133	
		RDP Axis 2 - Tir Gofal	2921	RPW	13,110	13,110	-12,587	523	13,110	-13,110	0	
		RDP Axis 2 - Tir Cynnal	2922	RPW	4,863	4,863	-4,863	0	4,863	-4,863	0	
		RDP Axis 2 - Tir Mynydd	2923	RPW	411	411	-411	0	411	-411	0	
		RDP Axis 2 - Improved Land Premium	2924	RPW	27	27	0	27	27	-27	0	
		RDP Axis 2 - Organic Farming	2926	RPW	2,800	2,800	-513	2,287	2,800	-2,800	0	
		RDP Axis 2 - Other Agri-Environment Schemes	2927	RPW	4	4	-1	3	4	-4	0	
		RDP Axis 2 - FWS/FWPS	2928	RPW	302	302	-45	257	302	-78	224	
		RDP Axis 2 - Axis 2 Review	2929	RPW	20	20	-20	0	20	-20	0	
		RDP Technical Assistance	2931	CAP Planning	5,983	5,983	-4,218	1,765	5,983	-4,395	1,588	
		RDP Other Expenditure	2933	CAP Planning	5,099	5,099	-4,559	540	5,099	-4,649	450	
		RDP Axis 2 - All Wales Element	2871	RPW	14,723	14,723	-3,689	11,034	14,723	-2,730	11,993	
		RDP Axis 2 - Glastir Common Land Element	2872	RPW	3,303	3,303	-1,626	1,677	3,303	-1,646	1,657	
		RDP Axis 2 - ACRES	2873	RPW	450	450	-450	0	450	-450	0	
		RDP Axis 2 - Glastir Woodland Creation Scheme	2874	RPW	474	474	-457	17	474	-474	0	
		RDP Axis 3 - Diversion into Non Ag	2941	CAP Planning	178	178	-100	78	178	-178	0	
		RDP Axis 3 - Support for Business Creation	2942	CAP Planning	861	861	451	1,312	861	-861	0	
		RDP Axis 3 - Encouragement of Tourism Acc	2943	CAP Planning	703	703	-176	527	703	-703	0	
		RDP Axis 3 - Basic Services for Economy	2944	CAP Planning	998	998	-607	391	998	-998	0	
		RDP Axis 3 - Village Renewal & Development	2945	CAP Planning	458	458	-323	135	458	-458	0	
		RDP Axis 3 - Conservation & Upgrading of	2946	CAP Planning	898	898	-631	267	898	-898	0	
		RDP Axis 3 - Provision of Training & Inf	2947	CAP Planning	291	291	-54	237	291	-291	0	
		RDP Axis 3 - Skills Acquisition	2948	CAP Planning	0	0	651	651	0	233	233	
		RDP 2014-20	2949	CAP Planning	0	0	18,849	18,849	0	22,459	22,459	
		Sub Total			63,443		63,443	-18,113	45,330	63,443	-24,571	38,872
		Evidence based development for Rural Affairs	Research & Evaluation	2240	CAP Planning / ARD	806	806	0	806	806		806
			Sub Total			806	806	0	806	806	0	806
	Developing, managing and enforcing Welsh Fisheries and Aquaculture	Fisheries Schemes	2830	CAP Planning	244	244	-165	79	244	-244	0	
		Marine & Fisheries	2870	Marine & Fisheries	956	956	165	1,121	956	244	1,200	
		Marine & Fisheries - Non cash	2870		0	0	242	242	0	242	242	
		Marine Policy	2826		120	0	120	120	0	120	120	
		Sub Total			1,320	1,200	362	1,562	1,200	362	1,562	

NATURAL RESOURCES AND FOOD MAIN EXPENDITURE GROUP (MEG)											
SPA	Actions	Budget Expenditure Line (BEL)	BEL	Division	2013-14 Sup 1 Budget	2014-15 Draft Budget	Changes	2014-15 Revised Draft Budget	2015-16 indicative Budget	Changes	2015-16 Revised indicative Budget
	Developing, managing and enforcing Welsh Fisheries and Aquaculture - Non cash	Fisheries Schemes - Non cash	2830	CAP Planning	242	242	-242	0	242	-242	0
		Sub Total			242	242	-242	0	242	-242	0
	Meeting the needs of rural communities and rural proofing WAG actions	New Farm Entrants	2794	ARD	1,705	1,705	0	1,705	1,705		1,705
		Companion Animal Welfare Scheme	2831		800	600	0	600	600		600
		Sub Total			2,505	2,305	0	2,305	2,305	0	2,305
	Developing & marketing Welsh Food & Drink	Promoting Welsh Food	2970	Food & Market	5,000	5,000	0	5,000	5,000		5,000
		Sub Total			5,000	5,000	0	5,000	5,000	0	5,000
Total Directorate: Agriculture, Food & Marine					80,686	80,366	-17,993	62,373	80,366	-24,451	55,915
Total Revenue - Natural Resources and Food					327,278	324,283	-22,213	302,070	324,283	-32,172	292,111

CAPITAL BUDGET - Departmental Expenditure Limit											
Climate Change and Sustainability	Develop and deliver overarching policy and programmes on sustainable development and environment	Local Authority General Capital Support	2782	Sponsorship	12,000	12,000	0	12,000	12,000		12,000
		Sub Total			12,000	12,000	0	12,000	12,000	0	12,000
	Develop and implement climate change, emission prevention and fuel povert policy, communications, legislation and regulation	Fuel Poverty programme	1270	P&E	26,317	23,577	35,000	58,577	18,577	35,000	53,577
		Sub Total			26,317	23,577	35,000	58,577	18,577	35,000	53,577
Develop and implement flood and coastal risk, water and sewage policy and legislation	Flood Risk Management & Water	2230	EWF	23,732	15,732	7,500	23,232	9,732	12,500	22,232	
	Local Government Flood & Coast Capital	2234		1,100	1,100	0	1,100	1,100		1,100	
	Sub Total			24,832	16,832	7,500	24,332	10,832	12,500	23,332	
Manage and implement the Waste Strategy and waste procurement	Regional Access Capital Fund	2190	Waste & Resource Efficiency	8,219	6,175	0	6,175	6,175		6,175	
	Sub Total			8,219	6,175	0	6,175	6,175	0	6,175	
Total Climate Change and Sustainability					71,368	58,584	42,500	101,084	47,584	47,500	95,084
Environment	Sponsor and manage delivery bodies	Natural Resources Wales	2451	Sponsorship	795	795	0	795	795		795
		Sub Total			795	795	0	795	795	0	795
Total Environment					795	795	0	795	795	0	795
Evidence Base	Developing an appropriate evidence base to support the work of the Department	Environment Management (Pwllpeiran)	2814	LNFD	38	38	0	38	38		38
Total Evidence Base					38	38	0	38	38	0	38
Total Directorate: Environment					72,201	59,417	42,500	101,917	48,417	47,500	95,917

Agriculture, Food & Marine	Delivering the programmes within the Rural Development Plan	RDP General	2841	CAP Planning	3,054	354	-354	0	354	-354	0
		RDP Axis 1 - PMG	2845	CAP Planning	1,847	1,847	1,169	3,016	1,847	-1,305	542
		RDP Axis 4 - Strategy	2847	CAP Planning	1,000	1,000	-854	146	1,000	-1,000	0
		RDP Axis 4 - Co-Operation	2848	CAP Planning	0	0	303	303	0	0	0
		RDP Axis 4 - Running Costs	2849	CAP Planning	200	200	-200	0	200	-200	0
		RDP Axis 2 - Tir Gofal	2921	RPW	1,501	1,501	-1,424	77	1,501	-1,501	0
		RDP Axis 2 - All Wales Element	2871	RPW	1,500	1,500	1,958	3,458	1,500	3,833	5,333
		RDP Axis 2 - Glastir Common Land Element	2872	RPW	500	500	-500	0	500	-500	0
		RDP Axis 2 - ACRES	2873	RPW	346	346	1,004	1,350	346	509	855
		RDP Axis 2 - Glastir Woodland Creation Scheme	2874	RPW	340	340	-2	338	340	-307	33
		RDP Axis 1 - Catchment Sensitive Farming	2925	CAP Planning	1,000	1,000	-1,000	0	1,000	-1,000	0
		RDP Axis 3 - Diversification into Non Ag	2941	CAP Planning	200	200	-12	188	200	-200	0
		RDP Axis 3 - Support for Business Creation	2942	CAP Planning	400	400	-43	357	400	-400	0
		RDP Axis 3 - Encouragement of Tourism Acc	2943	CAP Planning	400	400	-98	302	400	-400	0
		RDP Axis 3 - Basic Services for Economy	2944	CAP Planning	250	250	-15	235	250	-250	0
		RDP Axis 3 - Village Renewal & Development	2945	CAP Planning	165	165	97	262	165	-165	0
		RDP Axis 3 - Conservation & Upgrading of	2946	CAP Planning	300	300	-108	192	300	-300	0
		RDP Axis 3 - Provision of Training & Inf	2947	CAP Planning	70	70	291	361	70	-70	0

NATURAL RESOURCES AND FOOD MAIN EXPENDITURE GROUP (MEG)											
SPA	Actions	Budget Expenditure Line (BEL)	BEL	Division	2013-14 Sup 1 Budget	2014-15 Draft Budget	Changes	2014-15 Revised Draft Budget	2015-16 indicative Budget	Changes	2015-16 Revised indicative Budget
		RDP Axis 3 - Skills Acquisition	2948	CAP Planning	350	350	-350	0	350	-350	0
		RDP 2014-20	2949	CAP Planning	0	0	138	138	0	3,960	3,960
		Sub Total			13,423	10,723	0	10,723	10,723	0	10,723
	Developing, managing and enforcing Welsh Fisheries and Aquaculture	Fisheries Schemes	2830	CAP Planning	221	221	-221	0	221	-221	0
		Marine & Fisheries	2870	ARD	779	779	221	1,000	779	221	1,000
		Sub Total			1,000	1,000	0	1,000	1,000	0	1,000
	Meeting the needs of rural communities and rural proofing WAG actions	New Farm Entrants	2794	ARD	0	0	0	0	0	0	0
		Sub Total			0	0	0	0	0	0	0
Total Directorate: Agriculture, Food & Marine					14,423	11,723	0	11,723	11,723	0	11,723
Total Capital - Natural Resources and Food					86,624	71,140	42,500	113,640	60,140	47,500	107,640

Annually managed Expenditure											
Environment	Sponsor and manage delivery bodies	Natural Resources Wales - Pensions	2452		0	0	2,900	2,900	0	2,900	2,900
		Sub Total			0	0	2,900	2,900	0	2,900	2,900
Total Annually Managed Expenditure- Natural Resources and Food					0	0	2,900	2,900	0	2,900	2,900

NATURAL RESOURCES AND FOOD MAIN EXPENDITURE GROUP (MEG)											
		Revenue			327,278	324,283	-22,213	302,070	324,283	-32,172	292,111
		Capital			86,624	71,140	42,500	113,640	60,140	47,500	107,640
		Total DEL			413,902	395,423	20,287	415,710	384,423	15,328	399,751
		Annually Managed Expenditure			0	0	2,900	2,900	0	2,900	2,900
Total - Natural Resources and Food					413,902	395,423	23,187	418,610	384,423	18,228	402,651

The baseline used for Resource DEL in 2014-15 is as at Final Budget 2013-14, restated to reflect Ministerial portfolio changes as announced by the First Minister in March and adjusted to reflect recurrent baseline adjustments included in the First Supplementary Budget 2013-14. These baseline adjustments are set out in Annex C of the Draft Budget narrative

Rural Development Plan 2007-13				2014-15				2015-16			
				Revenue		Capital		Revenue		Capital	
				EU £'000	WG £'000	EU £'000	WG £'000	EU £'000	WG £'000	EU £'000	WG £'000
BEL	Measure	RDP Axis	Budget								
2844	114	1	FAS	326	140	0	0	0	0	0	0
2843	111	1	Farming Connect	1,540	1,540	0	0	0	0	0	0
2873	121	2	Glastir Efficiency	0	0	1,650	1,350	0	0	1,045	855
2845	123	1	PMG	0	0	3,016	3,016	0	0	542	542
2846	124	1	SCE	1,500	750		0	270	135		0
2921	216	2	Tir Gofal	224	523	33	77	0	0	0	0
2922	214	2	Tir Cynnal	0	0	0	0	0	0	0	0
2926	214	2	Organic Farming (OFS)	980	2,287	0	0	0	0	0	0
2927	214,216	2	Old Agri	1	3	0	0	0	0	0	0
2871	214,216,227	2	Glastir Entry	11,093	9,076	0	0	10,857	8,883	0	0
2872	214	2	Glastir Commons	2,050	1,677	0	0	2,025	1,657	0	0
2871	214	2	Glastir Advanced	2,371	1,940	0	0	3,762	3,078	0	0
2871	216	2	Glastir Advanced	0	0	2,760	2,258	0	0	4,162	3,405
2871	227	2	Glastir Advanced	0	0	837	685	0	0	1,263	1,033
2874	221,223,227	2	Glastir Woodland Creation	0	0	413	338	0	0	40	33
2874	221,223,227	2	Glastir WCPremium	21	17	0	0	0	0	0	0
2871	214	2	Glastir Wood. Management	22	18	0	0	39	32	0	0
2871	227	2	Glastir Wood. Management	0	0	629	515	0	0	1,094	895
2924	221	2	Improved Land Premium (ILP)	12	27	0	0	0	0	0	0
2923	212	2	Tir Mynydd	0	0	0	0	0	0	0	0
2928	221	2	FWS/FWPS	110	257	0	0	96	224	0	0
2941	311	3	Diversification into Non Ag	68	78	322	188	0	0	0	0
2942	312	3	Support for Business Creation	268	1,312	308	357	0	0	0	0
2943	313	3	Encouragement of Tourism Ac	417	527	222	302		0	0	0
2944	321	3	Basic Services for Economy	638	391	303	235	0	0	0	0
2945	322	3	Village Renewal & Development	123	135	206	262	0	0	0	0
2946	323	3	Conservation & Upgrading of	338	267	369	192	0	0	0	0
2947	331	3	Provision of Training & Info	114	237	3	361	0	0	0	0
2948	341	3	Skills Acquisition	1,176	651	0	0	324	233	0	0
2847	41	4	Strategy	1,895	1,551	178	146	0	0	0	0
2848	421	4	Co-operation	329	269	370	303	0	0	0	0
2849	431	4	Running Costs	614	503	0	0	163	133	0	0
2931	511	5	TA	1,765	1,765	0	0	1,588	1,588	0	0
2933			RDP Other (Axis 3 & 4 staff costs)		540	0	0		450	0	0
			TOTAL	27,995	26,481	11,619	10,585	19,124	16,413	8,146	6,763

NR&F Budget Mapping to PFG Sub Outcomes - Draft Budget 2014-15

Budget Action	MEG	DEL Budget 2014-15 £'000	Sub-Outcome
Develop and deliver overarching policy and programmes on sustainable development and environment	NRF	12,181	Creating a sustainable, low carbon economy
			Living within environmental limits and acting on climate change
Develop and implement climate change, emission prevention, and fuel poverty policy, communications, legislation and regulation	NRF	69,607	Creating a sustainable, low carbon economy
			Improving quality
			Tackling worklessness and raising household income
			Creating sustainable places for people
			Living within environmental limits and acting on climate change
Develop and implement flood and coastal risk, water and sewage policy and legislation	NRF	51,730	Improving our infrastructure
			Tackling worklessness and raising household income
			Creating sustainable places for people
			Protecting healthy eco-systems
Facilitate clean and secure energy and industry investment	NRF	1,080	Creating a sustainable, low carbon economy
Manage and Implement the Waste Strategy and waste procurement	NRF	84,505	Living within environmental limits and acting on climate change
Deliver nature conservation and marine policies	NRF	2,930	Creating sustainable places for people
			Living within environmental limits and acting on climate change
			Protecting healthy eco-systems
Manage and implement environmental improvement	NRF	5,636	Improving the health and educational outcomes of children, young people and families living in poverty
			Creating sustainable places for people
			Protecting healthy eco-systems
Sponsor and manage delivery bodies	NRF	74,730	Creating sustainable places for people
Developing an appropriate evidence base to support the work of the Department	NRF	1,122	Internal outcomes
Protecting plant health and developing GM policies	NRF	52	A thriving rural economy
Protecting and Improving Animal Health and Welfare	NRF	38,041	A thriving rural economy
			Protecting healthy eco-systems
Cost Sharing & Responsibility	NRF	20	A thriving rural economy
Making Payments in accordance with EU and WAG rules	NRF	7,350	A thriving rural economy
			Protecting healthy eco-systems
Delivering the programmes within the Rural Development	NRF	56,053	A thriving rural economy
Evidence based development for Rural Affairs	NRF	806	A thriving rural economy
			Improving public services for rural communities
Developing, managing and enforcing Welsh Fisheries and Aquaculture	NRF	2,562	A thriving rural economy
Meeting the needs of rural communities and rural proofing WAG actions	NRF	2,305	Improving public services for rural communities
Developing and Marketing Welsh Food and Drink (part of Sectors in NRF)	NRF	5,000	A thriving rural economy

415,710