

Sustainability Committee

SC(3)-18-09 (p1): 15 October 2009

Title: Evidence paper - Department for Environment Sustainability and Housing, Draft Budget Allocations for 2010-11.

Introduction

- 1) This paper provides background information to the Committee regarding the Department for Environment, Sustainability and Housing future programme budget proposals as outlined within the draft budget which was laid on 6 October 2009. It considers those areas covered by the remit of the Sustainability Committee.

Background

- 2) The 2010/11 Draft Budget for the Environment Sustainability and Housing (DESH) Main Expenditure Group (MEG) is £717.652m which is an £82.866m reduction from the 2009/10 budget allocation.
- 3) The following summary financial table shows the overall effect on the DESH Departmental Expenditure Limit (DEL) baseline budget. This does not include Annually Managed Expenditure (AME) which is outside the Welsh Assembly Government's Departmental Expenditure Limit.

Summary Financial Table:

£000

Theme	Total 2009/10	Total 2010/11	Variance	% Variance
Climate Change and Sustainability	183,523	186,930	3,407	1.9%
Environment	91,744	92,222	478	0.5%
Housing	517,610	430,426	-87,184	-16.8%
Planning	7,641	8,074	433	5.7%
Grand Total	800,518	717,652	-82,866	-10.4%

Budget Overview

- 4) The Assembly Budget Structure has been revised from 2010/11 the new structure shows clearly how budgets are being used to deliver the Government's objectives.
- 5) To date, DESH's work has been organised at a budgetary level into 8 SPAs (Spending Programme Areas):
 - a. Improving Housing
 - b. Supporting vulnerable/at risk people

- c. Waste Strategy
 - d. Flood and Water
 - e. Planning
 - f. Sustainable Environment
 - g. Delivery Partners
 - h. Housing: New Provision
- 6) The new business planning structure recasts these SPAs as new themed SPAs, which will demonstrate more clearly what we are trying to achieve and the range of our work. These SPAs fall into 4 Themes:
- a. Climate Change & Sustainability
 - b. Environment
 - c. Housing
 - d. Planning
- 7) These themed SPAs are underpinned by 16 Actions and the Department's existing Budget Expenditure Lines (with some small adjustments) are rearranged under these.
- 8) The Department for Environment, Sustainability and Housing's overriding priority over the next two years is to deliver on its 'One Wales' commitments and significant policy objectives in the areas of flood risk management, energy efficiency and housing. Allocations, including those through the Resource Assessment Exercise, reflect these priorities.
- 9) There are still significant pressures on the Environment, Sustainability and Housing budget and tough decisions will continue to have to be made between competing priorities. It is therefore extremely important that we continue to drive efficiency savings and maximise the impact of our resources.

Allocations

- 10) The DESH MEG is being reviewed by both the Sustainability Committee and the Communities and Culture Committee, therefore the elements of the MEG have been split accordingly.
- 11) The Communities and Culture Committee will be reviewing elements of the MEG within; Housing Spending Area this accounts for £430.426m of the budget in 2010-11. The remainder of the MEG are those areas covered by the remit of the Sustainability Committee: this accounts for £287.226m of the 2010-11 budget.

Investments

- 12) Additional £2m near cash allocation was received as part of the RAE process (£1.45m of this is covered by the remit of the Sustainability Committee). This has been allocated to Energy Efficiency (£0.7m), Flood Risk Management (£0.3m) Planning (£0.37m) Nature, Access and Marine (biodiversity) (£0.08m).

- 13) Additional £1m near cash allocation was received as part of the RAE process for Homelessness and Flood: £0.5m of this was allocated to Flood Risk Management.

Efficiencies

- 14) Efficiencies have been required across the portfolio: 4.6% on capital and 1.6% on near cash. On the capital side, funding has been reduced across a number of budgets across the MEG. For near-cash, efficiencies will be seen across all budgets, in particular the Waste Management budget. AGSBs are receiving a 0.3% budget reduction.

Other changes

- 15) The 2009/10 budget includes a number of areas of additional funding providing for specific programmes which are not included within 2010/11 budgets: this amounts to £7.292m made up of:
- £5m Carbon Trust loans 1 year allocation 2009/10
 - £2.92m Home Energy Efficiency Scheme 2 year consequential funding 2008/09 & 2009/10

Funding by Theme

Climate Change and Sustainability

- 16) This covers tackling climate change and enhancing sustainability. It includes work on an Energy Strategy, Energy Efficiency, microgeneration, Carbon Trust, Sustainable Development, the Waste Strategy, delivering the Assembly Government's targets for reducing waste, increasing recycling rates and reducing landfill, and Flood risk management. It also supports the *One Wales* Commitments which aims to achieve annual carbon reduction-equivalent emission reductions of 3% per year by 2011 in areas of devolved competence.

Funding

- Total near cash £119.710m. This is an increase of 13.% compared with 2009/10 due to:
 - £16.2m increase in baseline (£13m Waste, £1.5m Energy Efficiency, £0.5m HEES, £1.2m Flood)
 - £1.5m additional near cash funding (£0.8m Flood, 0.7m Energy Efficiency)
 - £3.2m in efficiencies (£3m of these are from Waste)
- Total capital £67.22m. This is a decrease of 13.36% due to;
 - £2.45m capital efficiencies
 - £2.92m additional 2009/10 funding towards Home Energy Efficiency
 - £5m additional 2009/10 funding towards Energy Efficiency loans

Environment

17) This includes funding for the Countryside Council for Wales, the Environment Agency Wales and National Parks Authorities. It includes delivery of the Assembly Government's countryside access programme and an All-Wales coastal path. It also includes delivery of the *One Wales* commitment in improving the local environment.

- **Funding**

- Total Near cash £83.963m. This is an increase of 0.57%, due to efficiency savings to be achieved for 2010/11
- Total Capital £8.259m

Planning

18) Development and implementation of the planning system in Wales to ensure that it meets the needs of the people of Wales. This includes appeals casework, publication of planning documents, funding for Design Commission for Wales, Planning Aid Wales, local planning authorities, and planning research.

- **Funding**

- Total Near cash £8.074m. This is an increase of 5.7% resulting from;
- £0.37m additional near cash funding in the budget for planning.
- £0.057m near cash efficiency savings.

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