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Llywodraeth Cymru
Welsh Government

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Alun Ffred Jones AM
Chair
Environment and Sustainability Committee

18 February 2016

Dear Alun Ffred,

Further to the email from the Committee Clerk, we are pleased to provide a response to the action points raised during our appearance before the Committee on 21 January.

European investment in flood defence schemes

Since the programme started in 2009 we have invested almost £47 million of European funding into flood and coastal erosion risk management across Wales. This has supported 40 projects reducing flood risk to 8,835 properties.

Green Growth fund bids

Our Green Growth capital funding is available as grants or loans through a number of different routes, depending on the project and organisation requesting funding. Salix Finance is funded to offer zero interest loans to public sector bodies with borrowing powers, and focusses primarily on energy efficiency. Invest to Save Green Growth offers zero interest grants to the public sector, including to bodies without borrowing powers. We also have commercial rate finance available through our Local Energy Support Service.

Through our Green Growth Wales support, we are developing a rich pipeline of energy efficiency and renewables projects across the public sector and covering a wide range of measures / technologies. The pipeline identified by local authorities includes 143 projects across all 22 local authorities. They are at different stages from concept through to preparing for financial close. Some projects will be financed internally from existing budgets or reserves, or may receive funding from sources other than the Welsh Government or its

delivery agents. For example, local authorities have access to relatively low cost finance through the Public Works Loans Board.

The £10 million of capital funding allocated to the Green Growth BEL in 2015-16 has been fully committed to projects and development costs as follows:

Starting Balance - Capital allocation for 2015-16		£10 million
Development costs	Legal fees and project development costs for the public sector pipeline	£1.00 million
Invest to Save: Green Growth	2 x Trunk Road Lighting Projects (North and South Wales)	£ 0.30 million
	Natural Resources Wales - energy efficiency and renewables	£0 .33 million
	3 x LED Street Lighting schemes (3 local authorities)	£2.73 million
	Energy efficiency through Energy Performance Contract (1 local authority)	£2.13 million
Repayable grant for community project	Awel Aman Tawe community renewables project (onshore wind)	£1.20 million
Salix Finance	Pipeline of 8 public sector energy efficiency projects	£2.31 million
Closing Balance		£0

The development and financial support that we have provided to projects has led to a healthy demand for funding from public sector organisations. The relatively short payback periods and multiple benefits associated with many green growth projects make them suitable candidates for Invest to Save funding. During 2015-16, the Welsh Government invested a further £4.3 million into 10 projects through Invest to Save from other budget lines within Natural Resources and the Department for Finance and Government Business, as shown below.

Source of funding	Organisation	Technology / Measure	Grant allocated
Invest to Save – Core funding from WG Treasury	Isle of Anglesey Council	LED street and office lighting	£219,000
	Cardiff University	LED lighting, PV panels, boilers	£1,034,000
	Mid and West Wales Fire & Rescue Service	LED lighting at all fire stations	£165,000
Funds transferred from DECC via Natural	Aneurin Bevan University Health Board	LED lighting	£317,063
	Cardiff Metropolitan University	LED lighting	£150,000

Resources – administered through the energy efficiency BEL	National Museum of Wales	LED lighting	£325,000
	Powys Teaching Health Board	LED lighting and voltage reduction	£168,255
	Betsi Cadwaladr University Health Board	LED lighting	£450,000
	Carmarthenshire County Council	LED street lighting	£1,407,000
	National Library of Wales	PV panels	£75,000
Total spend			£4,310,318

This project finance builds on the success of Salix Finance. Salix was established in its current form in 2009 and received an initial investment of £10,400,000 to support the public sector in Wales. It is a widely recognised and respected brand amongst public bodies. As of 31 December 2015, including the recycling of returned loans, they have committed £15,165,274 across 39 public sector organisations. These investments will result in lifetime financial savings of £46,442,824 and lifetime CO₂ savings of 230,645 tonnes.

Residual waste treatment programme

The Welsh Government has provided the Sustainable Waste Management Grant since 2002 to support local authorities introduce recycling services. The grant was allocated to all local authorities in line with the Revenue Support Grant formula. The grant total has been reducing since 2010 and has now been subsumed into the new Single Revenue Grant.

In addition, in 2008/09 the Welsh Government set up a municipal waste infrastructure programme to help local authorities procure new sustainable waste treatment services to support recycling and residual waste collections. The programme is open to all local authorities and 21 out of 22 authorities have received support of some kind towards the cost of food waste or residual projects. The remaining authority already had access to the infrastructure it wanted.

Grants under this programme support the cost of procurement and provide a contribution to the 'gate fee' for use of the new facilities for the duration of the to contract - typically 15 – 25 years - to make the new services more affordable for the local authorities.

The grant is paid to participating local authorities through the lead authority for each project which is managing the project on behalf of a group of local authorities. The funding referred to in the Committee discussion is in respect of Prosiect Gwyrdd a consortium of five local authorities in South East Wales which comes on stream in April 2016. Other authorities have received grant funding in a similar way for anaerobic digestion projects, and other projects are in the pipeline.

Flooding at Caedelyn Park in Cardiff

The responsible authority for the work at Caedelyn Park and the wider Rhiwbina and Whitchurch scheme is Cardiff Council. The funding for the works has come from Welsh Government, European Regional Development Fund and Cardiff Council. Officials have spoken to the local authority regarding the issue of pooling after heavy rain and have been informed that action is being taken.

Take-up of current Rural Development Programme (RDP) schemes

As noted during the Committee meeting, the current Welsh Government Rural Communities – Rural Development Programme (RDP), was only officially adopted by the European Commission at the end of May last year. During the first seven months of operational time, we have already made £213 million of investment available for the benefit of communities, farmers, foresters and food businesses in Wales. The majority of that was for farmers and foresters, with £110 million of grants being made available.

Glastir

We have opened two rounds of Glastir Organic, two rounds of Glastir Advanced, one round of Glastir Woodland Creation and two rounds of Glastir Woodland Restoration.

- Under Glastir Organic 2016, 46 contracts have been signed with an area of 3,715 ha and a total five year value of £1.415 million.
- Under Glastir Advanced 2016 an estimated 500 contracts will be signed worth an estimated value of £28 million. There were 570 expressions of interest received for Glastir Advanced 2017, which are currently being validated.
- Glastir Woodland Creation 2015 is currently being processed and 84 expressions of interests were selected. Of these, 44 contracts have been offered. The total estimated area for the 51 applications is 161 ha and the estimated total value is £1.52 million over 12 years.
- The first Glastir Woodland Restoration Window closed on 5 June 2015 and 37 expressions of interests were selected. Following rejections and /or withdrawals, 26 contracts have been offered with a further one remaining to be offered. The total estimated area for the 27 applications is 272 ha with an estimated capital works value of £652,524.
- The second Glastir Woodland Recreation window closed on 8 January 2016 with 22 expressions of interest selected. Plans are now being assessed and processed for contract with an estimated restocking area of 139 ha and capital works to the value of £264,100. To date 15 contracts have been offered.

Sustainable Production Grant

The first expression of interest round received 271 expressions, of which 27 passed the threshold score. The top 12 are advancing to the application stage with a total funding request of £2.001 million.

Food Business Investment Scheme

The expressions of interest window closed on 30 September. 85 expressions were received with a total project value of £200 million and £45 million of investment support was requested. The top 24 were invited to advance to the application stage, with a total funding value of £9.796 million.

Co-operation and Supply Chain Development Scheme

We received 47 co-operative expressions of interest for our Co-operation and Supply Chain Development Schemes. The top 29 were invited to advance to the application stage with a total funding value of £13.585 million.

Rural Community Development Fund

The fund's window for expressions of interest closed at the end of January with over 150 expressions received. These are in course of evaluation.

On 11 February we announced the opening of the next round of expressions of interest, as follows:

- Glastir Woodland Restoration, to open on 30 March
- Glastir Woodland Creation (and related Forestry Management Planning), to open on 30 March
- Glastir Small Grants to open in May
- Timber Business Investment, to open on 29 February
- Sustainable Production Grant, to open on 29 February
- Food Business Investment Grant, to open on 29 February
- Rural Community Development Fund to open in March
- Co-operation and Supply Chain Development, including a first window for the Sustainable Management Scheme, to open on 29 February

In addition, LEADER local action groups are in place and active.

Rural Development Programme funding opportunities for urban areas

There are two points to make on the availability of support to urban areas. Firstly, the RDP is largely focused on sectors as opposed to geographies. Therefore, location is not necessarily a primary consideration, for example a food business in a major settlement could still qualify for support if it uses Welsh produce. Secondly, in European terms Wales as a whole is predominantly rural and the Welsh Government has used this fact to ensure

that the Programme covers the whole of Wales, including the Valleys and peri-urban areas. For community support and LEADER there is a further level of targeting that was agreed with local authorities and this does give a greater focus on less populated areas but this still allows the vast majority of areas to access support meaning that 21 of the 22 Local Authority areas can access support to a greater or lesser degree

In addition to the information above, you will recall that during the scrutiny session we agreed to provide you with details of the membership of the Future Landscapes Wales Working Group. Attached below is a list of the members' names and job titles.

Yours sincerely,



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Deputy Minister for Farming and Food

Future Landscapes Wales Working Group Member List

Lord Dafydd Elis-Thomas AM (Chair), Assembly Member for Dwyfor Meirionnydd

Howard Davies, Chief Executive of the National Association of AONBs and Natural Resources Wales board member

Melanie Doel, Chair of the Brecon Beacons National Park Authority

Dr Bridget Emmett, Head of site, the Centre for Ecology and Hydrology, Bangor University

Sue Essex, Former Assembly Member, acting in an independent capacity

Dr Iolo ap Gwyn, Deputy Chair of Snowdonia National Park Authority

Dr Mark Lang, Representing the Federation of Small Business in Wales

Rachel Lewis-Davies, Representing the National Farmers' Union Wales

Katie-jo Luxton, Director, RSPB Cymru

Mike James, Chair of the Pembrokeshire Coast National Park Authority

Dr Victoria Jenkins, Representing the Environmental Law Association

Rachel Sharp, Chief Executive of the Wildlife Trusts Wales

Jeremy Smith, Representing Renewable UK Cymru

Sean Taylor, Director/Owner, Zip World

Rebecca Williams, Director Wales, the Country Land and Business Association

Laura White, Representing the National Trust

Dr Einir Young, Director of Sustainability, Bangor University