



Llywodraeth Cymru  
Welsh Government

**From:**

Decarbonisation and Energy

**Cleared by:**

**Date:**

October 2020

## MINISTERIAL ADVICE

**For decision by: Lesley Griffiths MS, Minister for Environment, Energy and Rural Affairs**

<b>Subject</b>	Decarbonisation and Energy Financial Overview 2020-21
<b>100 word summary</b>	<p>The 2020/21 budget allocation for Decarbonisation and Energy (D&amp;E) has an overall budget of £ m of which £ m is revenue and £ m capital.</p> <p>To complete all of the work planned would incur an overspend, which cannot be accommodated across the wider MEG at present. This MA seeks to align budget with activity across the following areas:</p> <ul style="list-style-type: none"> <li>• Decarbonisation £ m revenue (BEL 3770),</li> <li>• Public Sector Decarbonisation £ m revenue (BEL 2809) and £ m capital (BEL 2809)</li> <li>• Energy £ m revenue (BEL 3770)</li> <li>• Domestic Energy Efficiency £ m revenue (BEL 1270) and £ m capital (BEL 1270) budgets.</li> <li>• Funding of £ m initially allocated to COP 26 (BEL 3770)</li> </ul>
<b>Timing</b>	Normal course of business.
<b>Recommendation</b>	<p>The Minister is advised to <b>agree</b>:</p> <ul style="list-style-type: none"> <li>• Option 3, to fully deliver on the statutory obligations across Climate Change and Energy programmes, should savings be identified from within the EERA MEG to accommodate the £ m financial pressure. Otherwise Option 1, to live within Divisional budgets and deliver only the work which is statutory and committed.</li> </ul> <p>And <b>note</b>:</p> <ul style="list-style-type: none"> <li>• The later any underspend is identified, the more difficult it will be to spend. Some activities in options 2 and 3 need to be committed no later than November and December 2020 if they are to proceed.</li> <li>• The change of costs for the Welsh Government Local Energy Fund and agree to the addition of the holding fund fee.</li> </ul>

	<ul style="list-style-type: none"> <li>• More of the £ m capital (BEL 1270) allocated to the Warm Homes Programme, will be spent by the Nest scheme to mitigate against underspends in the Arbed scheme following advice provided to you in <i>MA/LG/02671/20</i>.</li> </ul>
<b>Decision report</b>	This decision does require a Decision Report, which may be published at any point.

## ADVICE

### **Decarbonisation and Energy (D&E) Finance 2020/21**

1.

#### **The D&E programme of work**

2.

#### **Decarbonisation**

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#### **Welsh Government Energy Service (WGES) and Public Sector Decarbonisation**

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#### **Domestic Energy Efficiency & Fuel Poverty**

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#### **Energy Policy**

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**Budgets by branch: Revenue**

	Budget (£)	Anticipated Spend	Variance
Decarbonisation			
Energy			
Public Sector Decarb			
Energy Efficiency			
<b>Total</b>			

**Budgets by programme: Capital**

	Budget (£000)	Anticipated Spend	Variance
<b>Total</b>			

**Options appraisal (detail in Annex 2):**

9. **Option 1 – Live within Divisional budgets** and deliver only the work which is statutory and committed. **Not recommended.**

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11. **Option 2 – Deliver the core work programme** and overspend by £ m revenue. **This is the minimum-viable option.**

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15. **Option 3 – Deliver all planned work** to progress against all programme objectives. **Recommended.**

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19. **Overall, we recommend Option 3 is agreed.** Ministers continuing emphasis on the climate emergency and a green recovery from the pandemic would suggest the full programme of work should proceed, particularly given the option to manage the additional budgetary pressure this creates across the wider EERA MEG.

### **Change of costs for Welsh Government Local Energy Fund**

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Investment Type	Fee % (per annum)	Funding applied to
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### **Warm Homes Programme – Capital**

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### **Financial Implications.**

In summary, option 1 will be within the current financial budgets set for Energy and Decarbonisation. Option 2 will result in an overspend of £ m, whereas option 3 will result in an overspend of £ m

40. The total spend against Energy and Decarbonisation has, over the past few years, exceeded the budget allocated at the beginning of the period. We are working with finance officials to agree the budget for the next financial year, recognising commitments across the division to tackle climate change and reduce fuel poverty are unlikely to decrease in ambition.

### **Budgets by BEL: Revenue**

BEL	Budget (£)	Anticipated Spend	Variance
3770			
2809			
1270			
<b>Total</b>			

### **Budgets by BEL: Capital**

	Budget (£000)	Anticipated Spend	Variance
1270			
2809			
<b>Total</b>			

### **Legal Issues and Policy Obligations related to this advice.**

41. Environment (Wales) Act. The Environment (Wales) Act 2016 sets a legal target of reducing emissions by a minimum of 80% by 2050, but following advice from the UK Committee on Climate Change this target will be amended to 95% by 2050 in early 2020. This important piece of legislation with cross government responsibility will require continued joint working to meet the ambitious targets which have been set.
42. Well-being of Future Generations Act. The Well-being of Future Generations Act sets the context for improving the social, economic, environmental and cultural well-being of Wales.
43. The Environment (Wales) Act complements the climate change provisions in the Wellbeing of Future Generations Act and goes further by establishing a clear statutory basis for decision making, which fully recognises the central importance of climate change.
44. The case for action on climate change is clear and, as recognised by the Goals within the Wellbeing of Future Generations Act, it is fundamental to our prosperity going forward and to the resilience of our society.
45. Government of Wales Act. Section 60 of the Government of Wales Act 2006 Act empowers the Welsh Ministers to do anything which they consider appropriate to achieve the promotion or improvement of the economic, social and environmental well-being of Wales.
46. Taking Wales Forward and Prosperity for All. Taking Wales Forward and Prosperity for All make substantial commitments to decarbonising Wales, in line with the Environment (Wales) Act and the 2030 public sector carbon neutrality target. Most projects supported are on an 'invest to save' basis, supporting long term cash savings for public bodies in Wales.
47. Section 15(1) of the Social Security Act 1990 (as amended by section 142(1) of the Housing Grants, Construction and Regeneration Act 1996) provides the Secretary of State may make, or arrange for the making of grants towards the cost of work or advice to improve thermal insulation or otherwise to reduce or prevent energy wastage in dwellings. These functions were transferred to the National Assembly for Wales by virtue of article 2 of and schedule 1 to, the National Assembly for Wales

(Transfer of Functions) Order 1999. These functions are now exercisable in relation to Wales by the Welsh Ministers by virtue of section 162 of and paragraph 30 of Schedule 11 to, the Government of Wales Act 2006.

Welsh Language Standards

48. All programmes and projects across the Decarbonisation and Energy agenda take into account Welsh language standards when producing documentation and communicating to stakeholders and the public.

Equality and Human Rights

49. No specific issues arise in this regard; projects deliver invest to save benefits, enabling public bodies to focus their budgets on services which better meet these requirements.

The United Nations Convention on the Rights of the Child (UNCRC)

50. No specific issues arise in this regard; projects deliver invest to save benefits, enabling public bodies to focus their budgets on services which better meet these requirements.

**Annex 1: ASSURANCE AND COPY RECIPIENTS****CLEARANCE TRACKING**

Aspect	Tracking	Yes	No	N/A	Clearance no.
<b>Finance</b>	Financial implications over £50,000?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	Cleared by Group Finance?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	Cleared by Strategic Budgeting?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	Cleared by Local Government Finance?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
<b>Legal</b>	Legal issues?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	Cleared by relevant lawyers?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	Novel and contentious issues?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
<b>Governance</b>	Cleared by Corporate Governance Centre of Excellence?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

**DEPUTY DIRECTOR, STATEMENT OF ASSURANCE**

In clearing this MA, I confirm that I, xx, have quality assured this advice, ensuring it is provided on the basis of evidence, accurately presents the options and facts and I am accountable for the recommendations made

I am satisfied that the recommended decision or action, if agreed, would be lawful, affordable and comply with all relevant statutory obligations. Welsh Government policy priorities and cross portfolio implications have been fully considered in line with delivery of the government objectives.

I have fully considered the statement of assurance contained in the MA guidance to ensure all relevant considerations have been taken into account and that the actions and decisions take account of regularity, propriety and value for money.

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