

IMPLICATIONS OF THE SPENDING REVIEW AND ASSOCIATED REFORMS

1. This paper describes the impact of recent public spending decisions and associated reforms on Government departments and key public bodies, and explores the implications for our policy and campaigning work. It follows initial consideration of the implications of the new Government in July last year (PC Min 35/10).

2. Now the details of the Spending Review and legislative programme are clearer further consideration needs to be given to the significant changes taking place in our area of operation, and how we should respond. This paper sets out the background to the institutional and funding changes currently taking place before examining by department some of the more significant changes affecting CPRE's interests. It is unusually long and necessarily covers a lot of ground, including a particularly pressing issue concerning the Public Bodies Bill. A number of key issues are summarised at the end of the paper on which PC's comments and guidance are sought.

Background

Spending Review

3. The Comprehensive Spending Review (CSR) is bringing about significant budget cuts to the main environmental departments (PC Min 69/10). The implications of the CSR for key delivery bodies are becoming clearer as departments start to publish their spending plans.

4. Most of the Department for Environment, Food and Rural Affairs (Defra) arms length bodies are facing significant cuts, and key bodies are being abolished, including the Commission for Rural Communities (CRC) and the Royal Commission on Environmental Pollution (RCEP). While Defra has committed to protect spending on some environmental stewardship schemes, questions remain over Natural England's capacity to deliver these schemes.

5. The Department for Communities and Local Government (CLG) has announced the abolition of a range of bodies, including the Regional Development Agencies (RDAs) and the Infrastructure Planning Commission (IPC). Major budget cuts will significantly affect other bodies such as the Homes and Communities Agency (HCA) and the Commission for Architecture and the Built Environment (CABE). The Local Government Settlement announced in December will mean an average cut in core central government funding of 12.1% next year, according to the Local Government Association. This will have a major effect on the delivery of local planning, transport and environmental services, although it will also greatly reduced the funding for new road schemes.

Public Bodies Bill

6. The Coalition Agreement includes a commitment to 'reduce the number and cost of quangos'. Shortly after the election, the Government undertook a review of all public bodies sponsored by departments, excluding executive agencies. The stated aim of this review was "primarily" to increase the accountability of government. To achieve this the review sought to identify functions that could be transferred from public bodies to central departments. Announcements have been made about which bodies are to be abolished, retained or reformed, but the future for some remains unclear.

7. The Public Bodies Bill, announced in the Queen's Speech, is intended to give Ministers the legal power to implement the outcome of the public bodies review. Currently, the Bill provides powers through unamendable Statutory Instruments (SIs) to abolish, merge, reform or change the functions or financial arrangements of public bodies. This means that Ministers would be able to change any law, including existing and future Acts of Parliament.

8. The Bill provides for the abolition of the CRC and RDAs (Schedule 1), and gives Ministers the power to: modify the constitutional arrangements of National Park Authorities (NPAs), the Broads Authority and the Joint Nature Conservation Committee (JNCC) (Schedule 3); modify the funding

arrangements of Natural England (Schedule 4); modify or transfer the functions of the Environment Agency (EA) and NPAs and the Broads Authority (Schedule 5); and authorise delegation of the functions of NPAs and the Broads Authority (Schedule 6). Schedule 7 of the Act lists bodies which can be added to any of the categories above, and includes CABE, the Forestry Commissioners, HCA, and the IPC. Clauses 17-19 of the Bill relate to the Forestry Commission.

9. The Bill has been the subject of intense scrutiny in the House of Lords, where it is currently at Committee Stage, and has been the subject of a highly critical report of the House of Lords Constitution Committee. This concluded “The Public Bodies Bill [HL] is concerned with the design, powers and functions of a vast range of public bodies, the creation of many of which was the product of extensive parliamentary debate and deliberation. We fail to see why such parliamentary debate and deliberation should be denied to proposals now to abolish or to redesign such bodies.”

10. The review of public bodies has also been criticised by a House of Commons Public Administration Committee report, which stated that “This review was poorly managed. There was no meaningful consultation, the tests the review used were not clearly defined and the Cabinet Office failed to establish a proper procedure for departments to follow... The Bill giving the Government the power to bring about these changes was equally badly drafted.”

11. A key consideration concerns the extent to which we should engage in debates over the Bill as it progresses through Parliament, and what our approach should be. CPRE has a long track record of influencing debates on the creation and reform of public bodies, in line with our established interests. Within this broad framework, we have so far briefed Peers on our views on the abolition of the CRC, and we have supported amendments promoted by the Campaign for National Parks to exclude NPAs from the scope of the Bill. We have also assisted our Gloucestershire Branch in lobbying peers to exclude the Forest of Dean from any disposal of land by the Forestry Commission. Looking ahead, we have an opportunity to brief ahead of Commons Second Reading to highlight concerns about the implications of the Bill, and to raise specific concerns about the future of public bodies within its scope. PC is invited to consider our approach to the Bill and the priorities we should pursue.

Department for Communities and Local Government

12. Overall, funding for CLG’s central work will fall by 33% by 2015, with funding for local authorities falling by 24% over the same period. Total cuts across the Department of £358.5m have had an immediate impact on a number of specific programmes and projects of interest to CPRE. The funding for both waves of ‘eco-towns’ has been halved and promoters of such developments will be required to provide evidence of local support for their plans before funding is released. A total of £50m will be lost from the Housing Market Renewal fund, £30m from the Gypsy & Traveller site grant, and £100m from the National Affordable Housing Programme. Changes to the Housing Benefit system are expected to provide revenue for the construction of 150,000 new affordable homes by 2015 and the New Homes Bonus, which is intended to provide incentives for housebuilding, is due to be introduced from April 2011. The National Housing and Planning Advisory Unit – a body whose existence we have previously questioned – has been closed, and other significant reforms which will impact on CPRE’s work are being pursued.

Local Government Settlement and abolition of the Audit Commission

13. The provisional funding settlement for English local authorities points to significant reductions in expenditure – in the region of 10% – over the coming two years. Despite measures to support councils facing the sharpest declines in spending power, concerns have been raised both about the scale of these cuts and the front-loading of them. In oral evidence to the CLG Select Committee as part of its inquiry into the implications of the CSR the Minister for Housing, Grant Shapps, argued that local authorities should not be cutting front line services but should seek to make savings by being more innovative, such as through increased collaboration and smarter procurement. These cuts will have a major impact on the work of local planning authorities. In addition, the Audit Commission

is to be abolished and will close around December 2012. It is proposed that the responsibilities for overseeing and delivering local audit and inspections will be moved to the private sector.

The Homes and Communities Agency

14. In November plans were announced to reduce the HCA's running costs by 50% through a combination of efficiency savings and reductions in staff. This included the reduction of Directors from twelve to six and a reduction in core offices over the Spending Review period with a move from eight regions to five operating areas. The local area teams are seen as critical to the HCA's role in helping to deliver localism and will be retained. The core business of the HCA has shifted to supporting locally identified priorities. In a letter to local authorities in December, the Agency's Chief Executive recognised that in order to provide support at the local level their approach would be 'different according to place and tailored to local need'. They intend to provide technical services across all areas of housing and regeneration, including on master-planning, economic appraisal, brownfield land, joint ventures to lever in private investment and utilising public land. The HCA will also offer assistance regarding the promotion of general housing supply. It will also be taking on the regulatory function of the Tenants Services Authority, which will be abolished, on a separate statutory basis. The new arrangements are to come into force in 2012.

Commission for Architecture and the Built Environment

15. In October 2010, the Department of Culture, Media and Sport decided to withdraw funding from CABE. As a consequence of this and the cancellation of the Schools for the Future Programme (which it was heavily involved in) CABE has lost a large number of staff and has terminated most of its activities, although its website has been retained to provide an archive of its past activities and design advice. CLG has committed, however, to continue to provide some funding, as it values the role CABE has undertaken in providing advice at the local level. Senior staff have been working with government to try to find a way to ensure the CABE advisory function remains available to councils, communities and developers across the country.

Planning Aid

16. CLG Ministers have confirmed that the Royal Town Planning Institute Planning Aid England contract and funding will not be continued beyond March 2011. The Government has announced the 'Supporting Communities and Neighbourhoods in Planning' scheme to assist the delivery of neighbourhood planning. A total of approximately £3million per annum will be available over each of the two years from 2011-12 to 2012-13. Applications for grant funding under the scheme have been invited by 21 February. Around three to five small grants will be made to provide guidance and assistance to communities and community organisations to engage with the planning system in their local area. Individual grants are therefore likely to have a value in the order of £500,000 to £1million per year. Planning Aid may wish to bid for some future funding under this scheme but the maximum level of grant would not be sufficient to enable them to continue to operate in their current form. We are considering whether there is scope for CPRE to apply for funding under this scheme and PC's views on this would be welcome.

Department for Environment, Food and Rural Affairs

17. Overall, Defra's resource spending will fall by 29% and its capital spending by 34% over the Spending Review period. This clearly has implications – on which we have commented in the media and elsewhere – for the Government's stated aspiration to be the 'greenest ever', and raises questions about how ambitious Ministers can be on key policy initiatives, such as the forthcoming Natural Environment White Paper (PC Min 37/10).

18. Defra is seeking to make significant savings in spending on its arm's-length bodies. It has set out plans to reduce the number of 'quangos' it funds from 92 to 39, bringing back inside the Department the policy-making functions of many of these abolished bodies, including the CRC. As is

the case elsewhere in government, Defra has emphasised that arm's-length bodies should not be involved in lobbying Ministers (particularly by hiring external consultants), although questions remain as to where exactly the line is drawn between policy advice and lobbying.

Natural England

19. NE will see its budget cut by 21%, to £155 million, during the Spending Review period. Like the Environment Agency (which also gets a 21% budget cut to £652 million), NE is expected to reduce back office costs while keeping reductions in delivery to a minimum. It is being encouraged to embrace the Big Society and localism, and instructed to stop policy-making and lobbying activities. This will mean a substantial reduction in NE staffing and the process has begun at the top of the organisation, with the Executive Management group being cut by around a third.

20. The reduction in funding for Natural England raises a number of major questions. Like other environmental organisations, we said at the time of NE's formation that it was important that it was able to act as a strong independent environmental champion to government. The instruction that it should not be doing policy-making work must not limit its ability to offer independent advice to Ministers, and it will be important for CPRE to continue making this point, but PC's advice on whether we should go further than this would be particularly welcome. There is an obvious question about whether NE will be able to do what we need it to do on more limited resources. For example, will it have the resources to ensure the continuing growth of the Higher Level Stewardship scheme that the Government wishes to see or to manage National Nature Reserves to the required standard? And, fundamentally for CPRE, there are questions about NE's future priorities. It would be a matter of significant concern if it focused more on biodiversity and less on landscape and quality of life as a result of budget cuts, and there have already been suggestions that this might be the case in future.

National Park Authorities and the Broads Authority

21. These authorities are faced with some key questions at present that go beyond those around funding, for example concerning their future governance (the subject of a current consultation) and the manner in which the Government may be able to dictate their operation and even continuation (see Public Bodies Bill – above). In funding terms, while they will see a budget cut over the four year Spending Review period, they (and Areas of Outstanding Natural Beauty) have got off relatively lightly compared with some other bodies. Their central Government funding will decline from £53.6 million in 2010/11 to £46.6 million in 2014/15 (a 13% decrease in funding over the period), although they are also likely to see a decline in their funding from other sources, including Natural England.

22. We are responding to the consultation on National Park Authority governance (and have sought the advice of selected PC members on this), and are working closely with our branches that have National Parks within their areas, and the Campaign for National Parks (CNP), on this issue. CNP have been robust in their criticism, saying that the cuts will inevitably lead to reduced services and facilities in the parks. We need to consider whether we should do more on the implications of the cuts for protected areas given our core landscape agenda.

Keep Britain Tidy

23. Despite the commitment in the Coalition Agreement to 'work to reduce littering', KBT's budget will take a big hit during the Spending Review period, falling from £4.8 million in 2010/11 to just £500,000 by 2014/15 (a drop of almost 90%) (note that WRAP – the Waste and Resources Action Programme – will also see a fall in its budget of almost 40% over the period). We have not always, since the launch of *Stop the Drop*, been entirely impressed by KBT's operation, but this massive drop in its funding could raise questions about how committed the Government really is to action on litter.

24. On the other hand, the vast majority of money that is spent tackling litter comes from local authorities (more than £850 million last year), although clearly there is heavy pressure on their budgets too.

25. Following our successful campaigning, a new national anti-litter campaign, *Love where you live*, was unveiled recently, and will be launched later this year, coordinated by KBT and, it is hoped, with broad support from industry, retailers and local authorities. It seems clear that KBT hope to fill the hole created by the withdrawal of central Government funding with financial support from the private sector to allow them to pursue a national campaign against littering. If KBT were successful in attracting this money, they could maintain their role as an educational and behaviour-changing body, while binding the private sector more closely into a national anti-litter strategy. This raises concerns, however, that an anti-littering body whose survival was dependent on private sector cash might be hesitant about criticising big companies about their performance on litter. PC is invited in particular to discuss the implications of this for the future of *Stop the Drop* and CPRE's positioning on litter.

Royal Commission on Environmental Pollution, the Commission for Rural Communities and the Sustainable Development Commission

26. Defra has already indicated that a number of its arm's-length bodies will be abolished. RCEP will go by March this year (with the Government suggesting that there is no longer a need for it in an era where there is much greater awareness of environmental issues, and a wide range of organisations offering advice on these issues), while it is intended that the functions of the CRC will be taken on by a strengthened rural policy team within Defra. In addition, the Government is withdrawing its funding from the Sustainable Development Commission although, given that this is a UK-wide body, this does not amount to a straightforward abolition.

27. Some of the organisations being wound up by the Government will be formally abolished through the Public Bodies Bill, as they were originally established through primary legislation, the CRC being one such example. When the intention to abolish the CRC was announced, we commented in the press that it was important that this should not lead to a downgrading of rural concerns within government, and observed that it is often more difficult for civil servants to give independent advice (and impossible for them to give that advice publicly) to Ministers. We need to consider how important functions of the CRC – such as the production of the sort of data that appeared in the State of the Countryside reports – might be taken forward.

The Forestry Commission

28. The Commission's funding will fall from £44.8 million in 2010/11 to £33.4 million by 2014/15, a drop of around 25%. At the same time, there are currently significant questions around the future ownership of Forestry Commission land, with the Government shortly to consult on proposals that could see the disposal of a significant part of the estate to private, charity and community ownership. There is a strong public campaign underway against proposals to sell off Forestry Commission land, with fears that it could lead to felling of forests, their development for unacceptable uses, undermining of landscape and biodiversity benefits and restrictions on access.

29. To date, in the absence of detailed proposals, CPRE has been fairly cautious about what we have said publicly on the future of Forestry Commission land. We have sought to avoid over-reacting on the basis of press rumours. We have provided a quote from Bill Bryson (in consultation with our Gloucestershire branch) in support of the campaign to keep the Forest of Dean in public hands, and made it clear that we feel the onus is on the Government to demonstrate that selling Commission land will not undermine the broad public benefits it currently provides. And by the time PC considers this paper, it is likely that Bill's name will also have appeared on a letter to the press raising serious questions about the Government's proposals. We now need to come to a firmer long-term position on

this issue, and PC's advice at this stage will be very useful, although we hope there will be an opportunity to return to this issue at the April PC meeting.

Disposal of public land

30. The Government has also been involved in discussions about whether other areas of public land – including National Nature Reserves (NNRs) – could be managed by non-government organisations which own and manage land, such as The Wildlife Trusts, RSPB and the Woodland Trust. A number of these organisations produced a statement of principles last year on the management of such land if it is to pass out of public ownership (see annex I to this paper – for PC members only). This includes key tests around no net loss for nature/heritage conservation or public access; enhancement of the capacity of civil society; and protection of natural and public value. Inevitably, funding is a key stumbling block. Land-owning charities have indicated that they would not want to take sites on without long-term funding guarantees, and there are also issues around the pay and pensions of staff currently employed by Natural England who might need to be transferred to NGOs.

31. CPRE chose not to sign up to the statement, although we are in broad agreement with much of what it says. This is because we felt that, unlike the predominantly land-owning NGOs supporting the statement, we come from a slightly different position as a body that does not own or manage land, and can therefore speak for a wider public interest. Nevertheless, there are clearly issues of significant interest for us around the disposal of public land, including that the broad public interest in that land is maintained. So, for example, if a NNR was passed to a wildlife body, we would want to be confident that all of its interests – including access, heritage and landscape, as well as biodiversity – were safeguarded. We should also consider whether there is an overriding case, if protecting our wildlife and landscapes is to be a national, public priority, for NNRs and similar sites to remain in the hands of public bodies. The experience of the National Trust, which was set up by statute and holds land inalienably, is relevant here. We would welcome PC's views on whether we should pursue this argument further.

Department for Transport

32. Funding for the Department for Transport (DfT) has been cut by 13% in real terms over the next four years. This was less than expected and was partly due to the Government's commitment to focus investment on strategic infrastructure to promote long term economic growth.

33. The sting in the tail has been the halving of funding to local transport funding, including severe cumulative cuts for rural bus services and increases in rail fares above inflation. At least fuel duty will increase above inflation too, and combined with the increase in VAT, which does not apply to public transport, the cost of motoring should increase more than public transport. The significant reduction in spending on new road schemes was also welcome.

34. The Government continues to focus on taking forward proposals for HS2. Despite the promises by the incoming Secretary of State for Transport to look again at the routeing between London and the West Midlands, the announcement in December only proposed minor refinements of the route announced by the last Government in March 2010. Further information, including the Appraisal of Sustainability, should be available when a public consultation commences in February.

Local Sustainable Transport Fund and White Paper

35. At the end of January, the Government published a Local Transport White Paper and detailed guidance on the operation of the Local Sustainable Transport Fund, for which £560 million has been earmarked to 2014-15. Funding will be provided for larger bids of up to £50 million as well as smaller packages of sustainable travel measures to a value of up to £5 million. Only a few larger awards are

expected to be made, while most English authorities are expected to benefit from the funding for smaller packages.

36. The DfT has made clear that packages with community support and involvement are more likely to be funded. This will increase the importance of bottom-up initiatives such as CPRE's Transport Toolkit, which was specifically highlighted in the White Paper.

Department for Energy and Climate Change

37. Overall, the Department for Energy and Climate Change has done relatively well out of the Spending Review, with its capital budget increasing by 41% in real terms while its resource spending reduces by 18% and administration spending reduces by 33%. Much of their current policy focus is detailed in Appendix D but in direct spending terms a number of key commitments have been made.

38. With regard to large scale infrastructure spending, £1bn of funding for Carbon Capture and Storage (CCS) demonstration has been secured – this is only likely to be enough for one CCS demonstration plant (likely to be Longannet in Scotland) though more funding for projects in Yorkshire may be available from the EU or from changes to the Carbon Reduction Commitment. Smaller scale infrastructure spending has brought some benefits, with £860m allocated for the forthcoming Renewable Heat Incentive, and some uncertainty, with an approximately 10% cut in Feed-in Tariff funding due to take place starting in 2013. This cut is likely to focus on large scale solar and micro-wind technologies.

Department for Culture, Media and Sport

39. Following the Spending Review funding for the Department for Culture, Sport and Media is down 25%. Within this, English Heritage received cuts of 32% and has stated that, moving forward, its key priorities will be its planning advice service, designations, conservation and maintenance of its properties, and existing grant commitments. Its four year National Heritage Protection Plan, currently under consultation, has had its budget cut by 25%. To maintain these areas of work, grants are being reduced by about one third and over two hundred posts are being lost, with a particular impact on EH's outreach programmes. VisitBritain has been subject to a 34% budget cut. As a result of all this, while work on heritage protection will continue, public understanding of and engagement with heritage may decline.

40. The Government has also withdrawn funding for the Stonehenge Visitor Centre. In November, however, the Heritage Lottery Fund granted £10 million to the project although it is now unlikely that it will be completed in time for the 2012 Olympics, as originally envisaged. It should also be noted that the Stonehenge Alliance, of which CPRE Wiltshire is a member, has submitted a formal complaint to the EU regarding planning permission for the Visitor Centre.

Broad implications and key questions

41. The scale and depth of the institutional and funding changes arising from the Spending Review and related decisions are having a major impact on the nature of the policy territory in which CPRE operates. They will have significant, long term implications for our policy and campaigning work and these are only just beginning to become clear. In broad terms, there will be significantly less public money being used to pursue environmental and countryside protection objectives in coming years, as well as a serious loss of expert staff working in relevant public agencies. There are important questions about the capacity of government to gather the evidence and advice it needs to take sensible, long term policy decisions. On the other hand, the decline in public spending will mean less money is available to carry out damaging infrastructure projects, and the changing institutional framework coupled with the promotion of localism and the Big Society presents us with opportunities.

42. Some of the changes pose short term challenges such as the extent to which we should engage in the coming weeks with future stages of the Public Bodies Bill in line with the concerns raised above. We will also need to consider whether there is scope for CPRE to apply for funding under CLG's new neighbourhood planning scheme. PC's views on these short term questions would be welcome.

43. Other key questions raised by the changes outlined in this paper are as follows:

What are the opportunities and threats for CPRE arising from the major changes affecting local government and 'built environment' agencies as a result of the decisions taken by CLG?

Within the Defra sphere, are there any functions of abolished bodies that, if we had the capacity, CPRE might look to take forward?

Bearing in mind overall funding issues have been settled, should we be more vocal in defence of Natural England and its landscape work than we have been to date? How might we best prevail on NE not to lose site of its work on landscape issues, tranquillity, and quality of life?

Should we be saying more on the funding and arrangements for National Parks and AONBs, or leave this largely to others? Do we want to be more vociferous in the context of our earlier work on the 'Operation Outstanding' campaign, including our desire for the Government to back designation of the Lakes/Dales bridge later this year?

Concerning litter, how might we respond to the massive budget cut suffered by KBT? We could say it potentially makes KBT too reliant for funding on a private sector that it will sometimes need to criticise. On the other hand, might we present ourselves as the best placed body to take action on litter in the countryside in the long term, and angle for funding to do that?

How can we best approach the issue of disposal of public land, including the forest estate and NNRs? What challenges should we make to Government? Do we think that, in principle, the forest estate should remain in public hands? Should we be pushing the principle of maintaining these sites in public ownership harder?

Concerning rural transport, with significant cuts to rural bus services, pressure for rural car use is likely to grow as fuel prices continue to rise. This is likely to present challenges to the promotion of sustainable rural travel. How could CPRE best carry the debate forward?

44. PC is invited to discuss the implications for CPRE of the Spending Review and related changes to institutional arrangements and to advise on our future approach with particular reference to the questions above.

NS/BS/FH/AR/DB/RS/JR

21/01/11