

# Agenda – Climate Change, Environment and Rural Affairs Committee

---

Meeting Venue:

Committee Room 3 – The Senedd

Meeting date: 18 July 2018

Meeting time: 09.20

For further information contact:

Marc Wyn Jones

Committee Clerk

0300 200 6363

[SeneddCCERA@assembly.wales](mailto:SeneddCCERA@assembly.wales)

---

## 1 Private pre-briefing: Brexit monitoring

(09.20 – 09.30)

## 2 Introductions, apologies, substitutions and declarations of interest

## 3 Scrutiny of the Cabinet Secretary for Energy, Planning and Rural Affairs – Brexit and general scrutiny

(09.30 – 11.00)

(Pages 1 – 33)

Lesley Griffiths, Cabinet Secretary for Energy, Planning and Rural Affairs

Tim Render, Director, Environment & Rural Affairs

Christianne Glossop, Chief Veterinary Officer

Attached Documents:

Research Brief

Evidence paper from the Welsh Government



## **4 Paper(s) to note**

### **4.1 Letter from the Finance Committee on the Welsh Government's Draft Budget 2019–20**

(Pages 34 – 36)

Attached Documents:

Letter from the Finance Committee on the Welsh Government's Draft Budget 2019–20

### **4.2 Letter to the Secretary of State for Environment, Food and Rural Affairs on environmental principles and governance post–Brexit**

(Pages 37 – 39)

Attached Documents:

Letter to Defra on environmental principles and governance post–Brexit

### **4.3 Response from the Cabinet Secretary for Energy, Planning and Rural Affairs to the report on Environmental governance arrangements and environmental principles post–Brexit**

(Pages 40 – 41)

Attached Documents:

Response from the Welsh Government

### **4.4 Written Response by the Welsh Government to the Climate Change, Environment and Rural Affairs Committee's report: The Welsh Government's progress on climate change mitigation**

(Pages 42 – 65)

Attached Documents:

Welsh Government Response

- 5 Motion under Standing Order 17.42 to resolve to exclude the public from the meeting for the remainder of the meeting**

**Break**

(11.00 – 11.15)

- 6 Discussion of the draft report of the inquiry into Low Carbon Housing: the Challenge**

(11.15 – 11.40)

(Pages 66 – 103)

Attached Documents:

Draft Report

- 7 Discussion of the draft report on Common frameworks for the environment after Brexit**

(11.40 – 12.00)

(Pages 104 – 119)

Attached Documents:

Draft Report

- 8 Discussion of the draft forward work programme**

(12.00 – 12.15)

(Pages 120 – 127)

Attached Documents:

Forward Work Programme

Document is Restricted

## **Cabinet Secretary for Energy, Planning and Rural Affairs**

### **Climate Change, Environment and Rural Affairs Committee**

#### **Brexit Scrutiny**

##### **Introduction**

1. This paper is submitted ahead of my appearance before the Committee on 18 July.
2. This paper covers the areas the Committee identified in advance for particular inclusion, alongside some of my priorities and recent actions, to address the challenges and embrace the opportunities of Brexit. It should also be read alongside my evidence paper to the Finance Committee of 27 June regarding replacing EU funding streams.
3. Brexit brings with it major challenges and changes and it is true this has created some feelings of uncertainty across the country. As a Government, it is our duty to ensure that we address the issues head on and exploit every opportunity for the good of Wales and to ensure Prosperity for All. Even before Brexit, the case for change was strong, after Brexit, reform is unavoidable.
4. My priority from the outset has been early and effective engagement with stakeholders to ensure we identify the implications and opportunities of exiting the EU on our sectors. We engaged early with stakeholders by establishing the Brexit Roundtable. Our cross-sectorial approach has enabled us to consider the issues in an integrated way, for example, on all parts of the supply chain and recognising the inextricable links between agriculture, communities and the environment. It has added significant value. It is a real strength in Wales to have such engaged and experienced people collaborating to make as great a success of Brexit as possible.
5. We have defined five distinct priority areas, enabling us to continue building momentum as we approach Brexit and for the future beyond:
  - Contribute to UK negotiations. We have been clear from the outset that Wales needs a seat at the table.
  - Legislation. We are preparing for both UK and Welsh legislation to ensure continuity of the legal framework.
  - Post Brexit operation systems. We are working with Defra and other UK Government Departments on the necessary joint preparations, as well as developing the necessary Wales-only solutions.
  - Design new policies for food, agriculture and fisheries. We are working with stakeholders and others to ensure our policies are right for now and for the future.
  - Establish post Brexit ways of working between Devolved Administrations and UK Government. We are working on frameworks and systems within the UK, Wales and beyond.

## **Negotiations**

6. I am continuing to have regular quadrilateral meetings with UK Government, Scottish Government and Northern Ireland.
7. The meetings provide an opportunity for us to discuss key issues such as operational readiness, common frameworks and funding. This is essential to ensure our sectors are prepared, building on the work we have already done in Wales. It is also important that we work collectively to put in place the necessary frameworks to enable the UK to function in future.
8. We now have a formalised joint programme with Defra and the other administrations, which is a positive step forward, especially given the importance of Environment, Fisheries and Rural Affairs to Wales.
9. Discussions about the UK position for negotiations on the future relationship with the EU also take place in a cross-UK Ministerial forum which met for the first time in May. Rebecca Evans AM, Minister for Housing and Regeneration, is the lead Minister for the Welsh Government. Energy, Planning and Rural Affairs will be represented when the agenda reflects relevant items within the portfolio.
10. These Ministerial meetings will be informed by official level discussions under 24 different headings. Some of these, like agriculture, food and fisheries products, fall squarely in my portfolio and my officials have already participated in discussions with Whitehall and Devolved Administration counterparts, to discuss areas such as fisheries, energy, sanitary and phytosanitary measures. We have a strong interest and will play an active role in other cross-cutting discussions such as on goods, transport and customs.
11. My regular Roundtable meeting allows me to hear what stakeholders need from a future relationship with the EU and they continue to emphasise the importance of free and unfettered trade to their industries. For my part, I will continue to press the Secretary of State for Environment, Farming and Rural Affairs on this at our regular Quadrilateral meetings.

## **Legislation**

### Brexit Correcting Legislation

12. My portfolio has the largest volume of EU derived legislation, which will need to be corrected by exit day to ensure a functioning statute book. The task cannot be underestimated as there has never been a time before when so much legislation has had to be considered in such a short timeframe.
13. To provide some context to the scale of the task, there are nearly 900 pieces of directly applicable EU legislation within my portfolio and nearly 400 pieces of domestic legislation. Not all of these will need any amendment but the vast majority, over 800, will.

14. Much of this, is of course UK legislation and we are actively engaging with the UK Government on how to best deliver the volume of corrections to ensure that there is a coherent statute book for all who will be under obligations to continue to comply with the legislation on and post day one of exit.
15. Much of our Welsh specific legislation is also interdependent on the directly applicable and the corrections made to these may also need to be reflected in any connected Welsh statutory instruments.
16. Due to these connections and dependencies we are working with the UK Government to identify key dependencies, which need to be reflected in the UK and Welsh programmes of laying correcting instruments.
17. Whilst there remains a lack of certainty as to the UK's future relationship with the EU and any transition period, we are currently working to introduce correcting SIs at the end of 2018 to be in place for March 2019.
18. We will, however, be proactively engaging with the UK Government to assess whether any changes may be needed to this timeframe in light of the on-going negotiations between the UK and the EU.

#### Primary Legislation

19. In addition to a programme of secondary correcting legislation, we are also considering where we will require primary legislation to address the impacts of Brexit.
20. We have already given a commitment to close the environmental governance gaps caused by leaving the EU at the first proper legislative opportunity.
21. The UK Government has published its consultation document outlining its proposals for an Environmental Principles and Governance Bill. It has indicated it intends to publish a draft Bill sometime in the autumn. I should stress, the consultation does state the geographical scope of its proposals are for England only and for matters which are reserved.
22. Whilst, I have had on-going discussions with the Secretary of State on this matter, we had little advance notice of the publication. Input from the Welsh Government would have been particularly important on this consultation given the shared England and Wales jurisdiction and wider judicial implications, including on issues which are not devolved.
23. We are in a different position to the UK Government in respect to the role of environmental principles. We have placed sustainable development at the heart of our governance in Wales through the Well-being of Future Generations Act and enshrined key environmental principles within our Environment Act.
24. However, I have always stated my willingness to engage in discussions on how best to address these gaps, particularly as we have considerable experience in Wales on sustainable development and environmental principles and have

achieved international recognition through our Well-being of Future Generations and Environment Acts.

25. We will continue discussions with the UK on its proposals to assess what would provide the most appropriate response to addressing the environmental governance gaps including its geographical scope. The UK Government has indicated in its consultation, a willingness to discuss possible co-design of proposals with the devolved administrations and my officials and I will continue to engage with the UK Government to consider the best possible solution for Wales, including ensuring our internationally recognised legislation is not negatively affected.
26. We are, of course, developing our own proposals to respond to these governance gaps and we have already given a commitment to close the environmental governance gap caused by leaving the EU at the first proper legislative opportunity.
27. I welcome the Committee's report on 'Environmental governance arrangements and environmental principles post-Brexit' and note its particular queries around the establishment of a UK-level governance body and enshrining environment principles in law.
28. Work is on-going in this area and we will be providing further information on our proposals in due course, alongside responding to each of the Committee's recommendations.

#### UK Government's Agriculture Bill

29. A sub-group of UK-wide officials has been set up to explore devolution issues relating to the UK Agriculture Bill.
30. Defra has clarified that the Agriculture Bill is expected to be introduced in mid-July and we are discussing draft clauses with Defra as this becomes available. Officials are working with Defra who will be doing all they can to enable a July introduction date for the bill.
31. I am considering a Welsh Agriculture Bill as well as including temporary provisions for transition in the UK's planned Agriculture Bill to ensure we can continue to issue payments to 2020 and develop new systems.
32. Anything Defra shares will be highly confidential as clauses are still in draft form. The Welsh Government will respect confidentiality and hope that this will allow for open and constructive discussion in line with the Inter Governmental Agreement and information sharing between the administrations.

#### Fisheries Bill

33. The fishing industry and our marine environment are heavily regulated by European legislation, much of this legislation will become retained EU law as amended through the Statutory Instruments under the Withdrawal Bill.

34. However, we will need to introduce a Welsh Fisheries Bill following exit from the EU to replace legacy European legislation, most of which will be saved by minimal amendments which make its 'operable' rather than optimal, when any implementation period ends. In particular we will need to take action in relation to the setting of fishing opportunities in Wales, control and enforcement and science and evidence.
35. We stand ready to work with Defra on their proposals for English fisheries and to ensure any proposals do not adversely impact on devolved priorities.

#### Post EU Exit

36. Legislating for day one of exiting the EU helps to retain the status quo but we recognised in the introduction of our Environment Act, there was still a large legislative reform programme required to ensure our legislation framework was fully effective and efficient.
37. We will of course be looking to continue to deliver legislation, which delivers on the Programme of Government for the interests of the people of Wales as well as how we can take forward our legislative reform programme to further deliver our Well-being of Future Generations and Environment Acts.

#### **Post Brexit Operational Systems**

38. The Internal Readiness Programme has been established within a wider Energy, Planning and Rural Affairs Brexit Programme to monitor the tasks and actions required to ensure operational readiness on day 1 (and transition) following exit from the European Union.
39. My officials have been working closely with UK Government Departments and Devolved Administrations for over a year, to establish where new processes or systems will be required to be in place, from as early as 30 March 2019, based on a "no deal" scenario. Most of the projects will also be required if an implementation period to the end of 2020 is adopted but timings may differ. Many of these projects are dependent on an agreement on funding mechanisms, legislation and governance/delivery frameworks.
40. There are currently 64 operational readiness projects under consideration, broadly aligned with Defra parallel responsibilities, which can be divided into the following categories.

<b>Categories</b>	<b>Number of Projects</b>
Animal and Plant Health	19
Food	2
Environment	13
Farming	13
Fisheries	7

Science	4
Trade and Border Issues	6

41. In addition to the two food projects, other projects also have direct or indirect links with the food sector, for example, farming and fisheries as primary producers etc.
42. To date, much of the work on the projects has been around legislative requirements and frameworks. It is now time to start to move into the next phase of delivery.
43. Many of the projects benefit from a collaborative approach with UK Government Departments and other Devolved Administrations. Others are best delivered at a Wales only level, however, projects considered to be reserved or carried out individually by each administration will still benefit from exchange of information and joint working. My officials have categorised the level of collaborative working for each project, which is now being formally agreed with other Administrations.

#### EU Transition Fund

44. On 18 June the First Minister announced some of the first projects which will receive part of the £50m EU Transition Fund. The fund is part of our Brexit plans to directly help businesses and public services for the significant changes on the way.
45. Funding has been secured from the fund to invest, initially, in four project proposals from the Energy, Planning and Rural Affairs portfolio:
- Benchmarking for the red meat sector (£2.15 million), which will replicate the successful work, we carried out with the Dairy sector in Wales, through the Dairy Conditional Aid project. It will support 2,000 beef and sheep farmers to benchmark their financial and technical performance in order for them to identify areas of their business which could be improved.
  - Work around import substitution (£100,000). We know there will be opportunities for import substitution to secure more of our food and food ingredient supply chains within Wales and the UK.
  - Transforming Government Fisheries Management Systems for EU Exit, (£390,000) will support internal readiness work, to develop new fisheries export certification systems and provide the science which will underpin our future fisheries management.
  - Work around supporting Welsh Fisheries and Aquaculture Sectors (£440,000) will allow Welsh Government to support fisheries and aquaculture businesses to adapt to the significant changes ahead.
34. Further proposals are currently being progressed to address the challenges of Brexit which face businesses across many sectors.

## **Taking forward Welsh Government policy**

### Future Farming & Land Management

46. I have announced the five principles to underpin future land management support. These are;

- We must keep land managers on the land. To produce maximum benefit, land must be actively managed by those who know it best. This is what is best for our environment and communities.
- Food production remains vital for our nation.
- Future support will centre on the provision of public goods which deliver for all the people of Wales. The richness and diversity of the Welsh landscape means there is no paucity of public goods to procure, from clean air, to flood management, to better habitats.
- All land managers should have the opportunity to benefit from new schemes. However, land managers may need to do things differently in return for support.
- We need a prosperous and resilient agricultural sector in Wales, whatever the nature of Brexit. To make this a reality, we need to change the way we support farmers.

47. We intend, therefore, to have two elements of support: one for economic activities and one for public goods production. Many land managers will be able to produce both, but support for food production must not undermine our natural environment.

48. The environmental public goods under consideration for inclusion in future schemes are:

- Climate change adaptation and mitigation (through actions including increased tree planting)
- Reducing flood risk
- Habitat and ecosystem resilience
- Water quality
- Air quality
- Soil conservation
- Heritage / landscape

49. The list of activities that are being considered for economic resilience support are:

- Support for sustainable improvement (collaboration, precision agriculture)
- Support for diversification (renewables, tourism, value-add on food production)
- Increasing market potential (new markets, value add)
- Knowledge transfer and innovation
- Risk management

50. Officials are undertaking a new phase of intensive stakeholder engagement to work collaboratively on ideas for delivering these principles. These proposals will be included in a consultation document to be published in early July.
51. Our proposals are not just for farmers and agriculture. These will be proposals for land management, including farming and forestry.

### Fisheries

52. Fisheries Management is an area which is heavily regulated by EU legislation. It is currently managed through the Common Fisheries Policy which is a set of rules for managing European Fishing fleets and for conserving fish stocks. It is designed to manage a common resource and provides equal access to EU waters and fishing grounds and the opportunity for fishing fleets to compete fairly.
53. In Wales, for historic reasons, the fleet is primarily (approx. 95%) small, under 10m vessels. The fishing industry is reliant on non quota shellfish species, the vast majority of which (90%) is exported to the EU or other countries via EU trade deals. The Evidence and Scenarios Roundtable Sub-Working Group, and the Welsh Centre for Public Policy, have clearly highlighted the importance of ongoing barrier free market access. As mentioned earlier in the paper, the First Minister has recently announced funding to help the fisheries and aquaculture sectors prepare for EU exit.
54. Leaving the EU presents the first opportunity for a fisheries policy to be set in Wales with the best interest of Welsh fishermen and coastal communities at its heart. I will be setting out more detail during the Government Debate on Brexit and the Fishing Industry on 3 July.

### Food

55. The food and drink industry is one of our important manufacturing sectors connecting agriculture with consumers across Wales and selling across the UK and internationally. Its profile is growing. People are taking greater interest in what they eat and drink, where it comes from, how it's produced.
56. The current Food and Drink Action Plan for Wales is widely recognised as a success, providing clear focus and energising activity.
57. Provisional figures for Welsh food and drink exports were worth in excess of £500 million in 2017 and indicate a healthy 16% growth in value from the previous year. Export markets such as the European Union remain strategically important.
58. Brexit is a key consideration because of the disruption it could cause to how industry supply chains work and the threat of tariffs and other barriers. In addition, in 2015 over a quarter (27%) of those employed in food and drink manufacture in Wales were born in the EU.
59. Brexit also presents the opportunity to put in place new policies and programmes to help the food and drink industry adjust and thrive. As mentioned earlier in the

paper, my Department has a sector readiness programme underway including actions supplementing the food and drink action plan.

60. Six Food Clusters have been established of businesses with common interests. These have generated significant business interest and have demonstrated themselves to be a powerful engine for driving more growth, opening up new opportunities and adding value.
61. The Food & Drink Wales Industry Board and the Welsh Government are working closely and successfully with industry – for example the recent ‘Tuck In’ event in north Wales provided expert bespoke marketing and brand advice to food manufacturers and was widely applauded by delegate companies.
62. There has been considerable success in growing the perception and reputation associated with Welsh Food and Drink. There were 165 Great Taste winners in 2017 and there are now 15 registered EU protected food name products originating from Wales.
63. We have developed an award-winning brand which provides us with a strong platform for promoting Wales to the world. Visit Wales uses this brand to deliver an ambitious and successful programme of UK and international multi-channel marketing activity which includes television advertising with a campaign on St David’s Day, along with digital campaigns and events to promote Wales direct to potential visitors and tour operators
64. Whatever the trading arrangements, we will continue to promote Welsh food and drink as quality products, produced at excellent standards, with traceability and, in many cases notable provenance.
65. Our Prosperity for All: Economic Action Plan identifies food and tourism as new foundation sectors of the economy. They are the backbones of many local economies. We will develop cross-government enabling activities for the sectors to maximise impact. Effective cross-government working will maximise benefits.
66. The Welsh Government continues to support investment in food and drink businesses in Wales through the Food Business Investment Scheme and the Rural Business Investment Scheme. Support is provided for micro, small and medium sized food and drink companies, which are at the heart of innovation and growth of the industry now and in the future.
67. The Rural Development Programme is also investing £21million in Project Helix. This is an initiative led and managed by the three food technology centres in Wales which have a long standing and successful track record of working closely with the industry. This is being delivered under the umbrella of Food Innovation Wales brand. The project delivers advice and practical support helping businesses innovate, be more productive, develop new products, and improving skills.
68. Our £2,800,000 Fit for Market / Fit for Export programme is also enabling the industry to retain and grow existing markets post Brexit both domestically and

internationally. It will also prepare the industry to allow for the substitution of ingredients should the supply chain become disrupted post Brexit.

## **UK relationships and post-Brexit Ways of Working**

### Frameworks

69. My officials and I have continued to support and actively participate in framework discussions with the UK Government and devolved administrations to explore what frameworks might look like.
70. The Welsh Government was fully involved in the first tranche of detailed UK-wide discussions on common frameworks, which involved 22 'deep dive' discussions on areas including agriculture and food as well as environment, animal health and fisheries.
71. A second stage of UK-wide discussions on the development of these frameworks is now proposed. This will focus on the 24 potential legislative framework areas that were set out under the recent Inter-governmental Agreement, the majority of which are relevant to the Energy, Planning and Rural Affairs portfolio. The discussions will need to build on the initial series of meetings in order to explore further where frameworks may be needed in specific areas.

### **Finance**

72. As stated in my paper to Finance Committee of 27 June, I oversee nearly £340m a year of the £680m a year of EU funding that comes to Wales.
73. The main source of funding to my portfolio derives from the Common Agricultural Policy. In particular Pillar 1 - Direct Payments to Farmers which will run from 2015 – 2020 and Pillar 2 - the Rural Development Programme (RDP) 2014-2020. In relation to CAP Pillar 1 Direct payments, scheme year 2019 will be the last to be administered using EU funding and rules. In relation to CAP Pillar 2 schemes (RDP), commitments made up to the UK's exit will be honoured by the UK Government Guarantee for the lifetime of the agreement. New commitments beyond 2020 will be made in the context of the UK Government Guarantee to 2022.
74. The UK Government has so far failed to provide any detail or commitment beyond 2022. We will continue to insist Wales receives its current share (10%) and therefore based on need, rather than a population share through Barnett (6%). I will, therefore, continue to seek agreement with the UK Government on future funding arrangements. A new funding framework needs to be agreed between all four UK nations, and I am keen to ensure we have effective collaborative working between governments to consider joint proposals.
75. Further discussion is required to confirm the actual level of funding which will be available to Wales and the funding formulae to be adopted, mechanism for market support measures and replacement for other types of funding.

## **Wales TB Eradication Delivery Plan**

63. The Committee has separately also asked for an update of the progress of the Wales TB Eradication Delivery Plan which came into force in October 2017.
64. We are now nine months into our refreshed TB Eradication Programme, launched in October last year. The regionalised approach to TB eradication and policies, such as implementation of Post-Movement Testing in the Low TB Area and provision of Action Plans for persistent TB herd breakdowns are still bedding in and these actions will inevitably take time to work through to the statistics. It is important that we allow sufficient time for these measures to take effect before we draw any meaningful conclusions about the success of any single policy, although each policy is subject to ongoing review.
65. A report on the delivery of the badger intervention operations undertaken in 2017 is being finalised and will be published in the near future.
66. In terms of the disease statistics, the latest published data cover the 12 months to March 2018, due to the 2-3 month time lag in publication of these statistics. These figures show a 13 per cent increase in new TB herd incidents on the previous 12 month period. It should be noted that the trend in new TB herd incidents is often volatile. Short term changes should be interpreted with caution and in the context of long term trends. I am able to report the longer term trend in new TB incidents is downwards and, the latest statistics show, since 2009 there has been a 34% decrease in new herd incidents.
67. When it comes to reporting on progress with the TB Eradication Programme as a whole, we want to ensure we have the most meaningful disease statistics in order to provide the most complete disease picture. As such, I intend to make a statement on progress with the TB Eradication Programme in April 2019, when we have a complete calendar year (covering January-December 2018) picture of the disease. This will be consistent with the publication of the National disease statistics and will also coincide with the publication of the Quarter 4 2018 TB Dashboard.

**Lesley Griffiths AM**

Cabinet Secretary for Energy, Planning and Rural Affairs

July 2018

Chair, Children, Young People and Education Committee  
Chair, Climate Change, Environment and Rural Affairs Committee  
Chair, Culture, Welsh Language and Communications Committee  
Chair, Economy, Infrastructure and Skills Committee  
Chair, Equality, Local Government and Communities Committee  
Chair, External Affairs and Additional Legislation Committee  
Chair, Health, Social Care and Sport Committee

21 June 2018

Dear Committee Chairs

## Welsh Government Draft Budget 2019–20

At our meeting on 21 June, the Finance Committee agreed its approach to the budget scrutiny. I am writing to all Chairs of subject committees to share our thinking, and to encourage your committees to consider how you can contribute to delivering the most coherent and effective scrutiny of the Government's spending plans.

### Budget focus

We have agreed to continue the approach followed in previous years, whereby budget scrutiny is centred on the four principles of financial scrutiny: affordability, prioritisation, value for money and process. The principles are:

- **Affordability** – to look at the big picture of total revenue and expenditure, and whether these are appropriately balanced;
- **Prioritisation** – whether the division of allocations between different sectors/programmes is justifiable and coherent;
- **Value for money** – Essentially, are public bodies spending their allocations well – economy, efficiency and effectiveness (i.e.) outcomes; and
- **Budget processes** – are they effective and accessible and whether there is integration between corporate and service planning and performance and financial management.

Following a stakeholder event in Swansea, we have identified a number of areas which we would like to see the focus of the scrutiny, these are:



- *How the Welsh Government should use taxation and borrowing powers, particularly in relation to the Welsh Rate of Income Tax*
- *Approach to preventative spending and how is this represented in resource allocation (Preventative spending = spending which focuses on preventing problems and eases future demand on services by intervening early), particularly in relation to the financing of local health boards and health and social care services*
- *Sustainability of public services, innovation and service transformation*
- *Welsh Government policies to promote economic growth, reduce poverty, gender inequality and mitigate welfare reform*
- *The Welsh Government's planning and preparedness for Brexit*
- *How evidence is driving Welsh Government priority setting and budget allocations*
- *How the Future Generations Act is influencing policy making*

We would encourage you to use some of these areas as the focus for your budget scrutiny.

### **Draft budget consultation**

As has been the previous practice, we will be undertaking a consultation on behalf of all Committees over the summer recess and the responses will be shared with you in the Autumn in order to assist your scrutiny of the draft budget.

I enclose a summary of the views we heard at the Finance Committee's pre-budget stakeholder event in Swansea on 7 June, which may inform your budget scrutiny.

### **Timetable**

We have not yet been notified of the dates for the draft budget, the Cabinet Secretary for Finance is required to do this two weeks prior to summer recess. I have asked the Finance Committee Clerk to liaise with your Clerk once dates are known.

As you will be aware the provisions in relation to the reporting by policy committees changed in 2017, and you are now able to report in your own right (if you so wish), and your reports can be used as a supporting document to the draft budget debate.

As a Committee we are considering how we can maintain a strategic, oversight role of financial scrutiny. The Committee noted during our review of draft budget scrutiny in January 2018, the wide range of evidence gathered before and during



scrutiny last autumn, particularly in the health, local government and education areas. This led to insightful conclusions and recommendations, which we are pleased to see has been followed up throughout the year. We would welcome any views from you as to how the process may be improved.

If you have any questions about any aspect of the draft budget process, please feel free to contact me or the Clerk to the Finance Committee, Bethan Davies, 0300 200 6372, [Bethan.Davies@assembly.Wales](mailto:Bethan.Davies@assembly.Wales)

Yours sincerely

A handwritten signature in black ink that reads "Simon Thomas". The signature is written in a cursive style with a large initial 'S'.

**Simon Thomas**

**Chair**



Rt Hon Michael Gove MP  
Cabinet Secretary for Environment, Food and Rural Affairs

28 June 2018

Dear Michael,

Report on environmental governance arrangements and environmental principles post-Brexit

The Climate Change, Environment and Rural Affairs Committee recently carried out work on the environmental governance arrangements which will be needed once we leave the European Union. A report of our conclusions is attached.

I would be grateful if you could consider this report of our work as part of your consultation on 'Environmental Principles and Governance after EU Exit'<sup>1</sup>.

The Committee noted the statement issued by Lesley Griffiths AM, the Cabinet Secretary for Energy, Planning and Rural Affairs when your consultation was published<sup>2</sup>. She said she was 'disappointed' the Welsh Government 'had not been fully engaged' in the work which led up to the publication of your consultation. She went on to say that 'Wales stands ready to work in collaboration' with the UK Government.

Our stakeholders were clear that a new body needs to be established to carry out the regulation and enforcement which is currently the responsibility of European

---

<sup>1</sup> <https://consult.defra.gov.uk/eu/environmental-principles-and-governance/>

<sup>2</sup> [https://twitter.com/wgcs\\_rural/status/994602351838289925](https://twitter.com/wgcs_rural/status/994602351838289925)



institutions. They highlighted the urgent need to avoid a ‘governance gap’ once we exit the European Union (EU). The Committee has recommended that if such a body is established at a UK level, it should meet the following criteria:

- it must be co-designed by all of the different countries of the UK;
- it must be accountable to legislatures, rather than governments;
- it must be resourced appropriately; and
- there must be appropriate mechanisms to resolve disputes.

We have also recommended that, if established, such a governance body should be responsible for the following functions:

- promoting environmental protection among government actors and the wider community;
- monitoring and reporting on progress in the implementation of environmental laws and providing essential scientific data;
- taking action where targets/objectives are not met, for example through the imposition of economic sanctions;
- providing citizens and civil society organisations with access to the complaints and enforcement systems; and
- adopting a long-term policy strategy which transcends political cycles.

In the report the Committee acknowledged that it is unlikely that a successor body will be in place by the day the UK leaves the EU. We believe the Welsh and UK Governments should explore the potential for a transitional arrangement to ensure that regulatory and enforcement functions in relation to environmental law



can be exercised. These temporary arrangements should be in place until a suitable successor body can be established, either at the Welsh or UK level.

Please can you let us know if any work is being done by your department to set up these necessary transitional arrangements?

We look forward to seeing the results of the consultation and hope that our contribution will help to form the best mechanisms for ensuring the environmental protections we have now are maintained.

Yours sincerely,

A handwritten signature in black ink that reads "Mike Hedges". The signature is written in a cursive, slightly slanted style.

**Mike Hedges AM**

**Chair of Climate Change, Rural Affairs and Environment Committee**



# Agenda Item 4.3

Lesley Griffiths AM  
Ysgrifennydd y Cabinet dros Ynni, Cynllunio a Materion Gwledig  
Cabinet Secretary for Energy, Planning and Rural Affairs



Llywodraeth Cymru  
Welsh Government

Eich cyf/Your ref  
Ein cyf/Our ref

Mike Hedges AM  
Chair  
Climate Change, Rural Affairs and Environment Committee  
National Assembly for Wales

8

July 2018

Dear Mike

Thank you for your letter of 25<sup>th</sup> June and the copy of the Committee's report on environmental governance.

I welcome the Committee's interest in this important area. We've got a good story to tell in Wales on environmental principles and governance which has brought us an international recognition. I am determined to build on this and ensure that the progress we have made is not impacted by Brexit.

As a Government we have already committed to addressing the environmental governance gap at the first proper legislative opportunity. It is important to take the time to engage with stakeholders and we have already begun engaging with through my Brexit Roundtable. It is important that as well as engaging with environmental bodies that we do so on a cross-sectoral basis as many sectors have a direct interest this area.

As requested, I would be happy to respond in due course to each of the recommendations in your report by your 8<sup>th</sup> August deadline. In the interim, in response to your request to know if there are any recommendations that potentially raise any issues, I would offer the following comments:

Bae Caerdydd • Cardiff Bay  
Caerdydd • Cardiff  
CF99 1NA

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:  
0300 0604400

[Gohebiaeth.Lesley.Griffiths@llyw.cymru](mailto:Gohebiaeth.Lesley.Griffiths@llyw.cymru)  
[Correspondence.Lesley.Griffiths@gov.wales](mailto:Correspondence.Lesley.Griffiths@gov.wales)

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

- Several of the recommendations and recommendation six in particular, do not appear to fully take into account the content of the legislation already passed by the Assembly in terms of principles and governance. Through the Well-being of Future Generations and Environment Acts, we have already placed both sustainable development and key environmental principles into primary legislation. In Wales there is also a different structure with respect to key public bodies in this area.
- Given that the nature of the governance gap in Wales is materially different from any other part of the UK, it is important that any proposals neither conflict with nor have a regressive effect on our existing legislation and governance structures.
- As well as the need to align with and compliment Wales' world-leading approach the alignment with the international framework should be clear.

I am grateful for the opportunity to input at this stage. As emphasised within your report this is an important issue and it is vital that work to review and address the governance gap is not rushed as any decisions will have long term implications.



**Lesley Griffiths AC/AM**

Ysgrifennydd y Cabinet dros Ynni, Cynllunio a Materion Gwledig  
Cabinet Secretary for Energy, Planning and Rural Affairs

# Agenda Item 4.4

Lesley Griffiths AC/AM  
Ysgrifennydd y Cabinet dros Ynni, Cynllunio a Materion Gwledig  
Cabinet Secretary for Energy, Planning and Rural Affairs



Llywodraeth Cymru  
Welsh Government

Hannah Blythyn AC/AM  
Gweinidog yr Amgylchedd  
Minister for Environment

Ein cyf/Our ref MA-P-LG/2052/18

Mike Hedges AM  
Chair  
Climate Change, Environment, and Rural Affairs Committee  
National Assembly for Wales

10 July 2018

Dear Mike

Thank you for the Annual Report of the Climate Change, Environment and Rural Affairs Committee on the Welsh Government's progress on climate change mitigation.

Please find attached a response on behalf of the Welsh Government to the Committee's recommendations.

Regards

Lesley

Hannah Blythyn

**Lesley Griffiths AC/AM**  
Ysgrifennydd y Cabinet dros Ynni, Cynllunio a  
Materion Gwledig  
Cabinet Secretary for Energy, Planning and Rural Affairs

**Hannah Blythyn AC/AM**  
Gweinidog yr Amgylchedd  
Minister for Environment

# Written Response by the Welsh Government to the Climate Change, Environment and Rural Affairs Committee's report: The Welsh Government's progress on climate change mitigation

July 2018

## Recommendation 1

**The Cabinet Secretary should provide details of the specific actions she has taken and will take to improve engagement and joint working across the Cabinet in relation to climate change mitigation.**

**Response: Accept.**

In 2017 the Cabinet Secretary for Energy, Planning and Rural Affairs established a Decarbonisation Ministerial Task and Finish Group in order to ensure we work collaboratively across the Cabinet to deliver the important decarbonisation agenda. The Cabinet Secretary invited Cabinet colleagues (Cabinet Secretary for Economy and Transport, Cabinet Secretary for Finance, Cabinet Secretary for Local Government and Public Services, Minister for Environment and Minister for Housing and Regeneration) who hold the biggest levers and face the biggest challenges to achieving our transition to a low carbon economy to sit on this group.

Since then, group has met several times and produced a range of reports for Cabinet. As a result, in June 2018, the Welsh Government published interim emissions reduction targets and our first two carbon budgets. We launched a consultation in July focusing on how to achieve our low-carbon pathway to 2030 and maximising benefits on our well-being goals.

Given the importance of this issue, and the scale of the challenge we face, on 10 July 2018 Cabinet agreed to add decarbonisation as a sixth priority area in Prosperity for All for cross government working. The Welsh Government's initial five priority areas for working across government were set out in the National Strategy: Prosperity for All in September 2017.

As a result of the Task and Finish Group, we are already working together in areas such as aligning the carbon and financial budgeting cycle, public sector decarbonisation and the uptake of electric vehicles in Wales.

Alongside ongoing work with Cabinet colleagues, there is an extensive cross government governance structure to drive action around this agenda, with a Welsh Government Director Level Programme Board and many cross-government working groups to consider and develop policy actions to ensure we collectively meet our long-term goal.

The Well-being goals and the Ways of Working under the Well-being of Future Generations guide our Programme. The programme is focussed around our long term target, collaboration and involvement with stakeholders, internally and externally, to ensure we are integrating Decarbonisation in the way we work to prevent the further effects of climate change.

We believe the key to meeting our target is to continue cross-government working and continuing to involve my Cabinet colleagues and their officials in delivering this agenda. This will enable us to ensure our action to mitigate climate change enhances the people of Wales' health, well-being and realises the potential for creating sustainable businesses, jobs and leisure opportunities through facilitating the transition to a low carbon economy.

**Financial Implications** – None. Any additional costs will be drawn from existing programme budgets.

## **Recommendation 2**

**The Welsh Government should undertake a consultation in the Assembly and with external stakeholders on its suggested approach for Assembly scrutiny of carbon budgets.**

**Response: Accept.**

The Welsh Government has already been subject to a review process around the scrutiny procedure for setting our carbon budgets through the development of the Environment (Wales) Act 2016. As a result of the Assembly process, the Act has put in place the requirement for Welsh Ministers to set our carbon budgets in regulation.

This subordinate legislation is subject to affirmative procedure and therefore is already subject to scrutiny by the Assembly. The primary legislation itself, was scrutinised through the Plenary process and within committee in its draft Bill form.

In addition to the Assembly Scrutiny we also have to consider advice from our independent expert Advisory Body the UK Committee on Climate Change (UKCC), who also provide advice to the UK Government and other Devolved Administrations.

**Financial implications:** None. Any additional costs will be drawn from existing programme budgets.

### **Recommendation 3**

**The Welsh Government should set out its engagement thus far with external stakeholders in the development of its carbon budgets and its plans for future engagement.**

**Response: Accept.**

The Well-being goals and the Ways of Working under the Well-being of Future Generations guide our Programme. Collaboration and involvement has been integral throughout. Over the last year, stakeholders have been involved in developing our evidence base and understanding the Welsh context, which has framed our decisions around our legislative framework.

The development of our carbon budgeting framework has three main parts, which sets out:

- how we will account for our emissions in Wales;
- what pathway we will take through our interim targets and carbon budgets; and
- what action we are going to take through our Low Carbon Delivery Plan.

The development of our accounting framework and the setting of our interim targets requires us to consider advice from our independent, expert advisory body, UKCCC, in addition to a number of wider pieces of evidence.

To best target the expert and interested stakeholders across many sectors in Wales, the UKCCC held two Calls for Evidence and collectively we held three joint events at which UKCCC presented their findings and encouraged stakeholders to respond. The events were well attended given the technical nature and stakeholders included representatives from industry, business, third sector, the public sector, academia and civil society.

In addition, wider communication materials and products have also been utilised such as infographics and regular bulletins to keep stakeholders updated. We have also involved young people by launching a video competition through the Eco schools network, to ask young people on what they expect Wales to look like in 2050.

My officials regularly meet with the Future Generations Commissioner's office to ensure we are embedding the ways of working and hold meetings with interested parties such as business, industry, public sector, third sector, and civil society to ensure different stakeholder's views are heard and updated on progress.

With regards to the actions we take to decarbonise Wales, Welsh Government action alone will not be enough and will require others to take action - from individuals, organisations and businesses. It is the collective actions that we take to meet the budgets which will have the biggest impact upon Welsh organisations and society

We want to ensure everyone in Wales has an opportunity to tell us how our proposed future action to tackle climate change will affect them and why. With this in mind, this month (July) we will be launching our consultation entitled '*Achieving our low-carbon pathway to 2030*' which explores early ideas for action for decarbonising up to 2030.

Some of these ideas have been generated with the involvement of stakeholders. Their involvement has helped shape our ideas.

We will also be holding workshops and attending key events during this time, alongside continuing to involve members of the public in specific events throughout the year. Whilst we believe consultations are a powerful mechanism for involvement, we want to involve and collaborate with people in the most relevant and meaningful way to them and so seek to find their views through a number of methods.

We would urge any interested parties to respond to the consultation.

**Financial Implications** – The wider costs of stakeholder engagement for the whole programme including consultation publications and events. Estimated spend - £65,000

#### **Recommendation 4**

**The Welsh Government should explain how it will ensure that the climate change mitigation policies it develops are subject to independent, external challenge and review.**

**Response: Accept.**

The Environment Act sets out the role of our advisory body the UKCCC. In addition to their advisory role on the targets and budgets we set, they also advise on areas for action to meet the budgets and will provide an independent, expert review of our progress on each budget.

The UKCCC consist of a cross-cutting selection of scientific experts and the Welsh Government values its independent expert advice in the transition to a low carbon economy. As the advisory body for Welsh Government, UK and Devolved Administrations, the UKCCC is able to give us advice based on our specific devolved powers based on the action taken throughout the UK.

In addition to the UKCCC's review, as explained in my response to recommendation 3 above, we will also be consulting on our ideas for action to 2030 this summer.

**Financial Implications** – The UKCCC is jointly-sponsored by the Department of Business, Energy and Industrial Strategy (BEIS), Department for Environment, Food and Rural Affairs (Defra), the Northern Ireland Executive, the Scottish Government and the Welsh Government.

All are party to the Climate Change Act 2008 Concordat, under which it has been agreed for the UKCCC's 'core budget' to be divided between BEIS/ Defra and the Devolved Administrations.

The UKCCC's core budget consists of the costs of the statutory duties it is required to carry out under the Act; and some provision towards meeting requests made under the duty to provide additional advice on request. The recommendation would already be part of our existing work with the UKCCC.

As shown in Recommendation 3, there is an estimated spend of £65,000 for consultation and engagement events.

## **Recommendation 5**

**The Welsh Government should provide the Committee with details of what it believes should be the requirements of a replacement for the EU ETS.**

**Response: Accept in principle.**

The issue of replacement arrangements for reducing emissions from installations currently required to participate in the EU ETS is inextricably linked to discussions around the UK's future economic partnership with the EU. The Welsh Government has been considering the key features of a potential replacement policy which is being refined and which will be further developed as the UK/EU negotiating position is resolved.

It should also be noted that this is one of the 24 policy areas that are now subject to more detailed discussion between the four UK administrations to explore whether legislative common framework arrangements might be needed, in whole or in part.

The core purpose of any replacement policy is to reduce emissions from industrial installations and the power sector, which in 2016 accounted for approximately 57% of all emissions in Wales.

The key issues we are considering relating to trading systems are:

- **Ambition** – we will need to ensure our ambition contributes appropriately to the overall emissions reduction trajectory to be set shortly as regulations under the Environment (Wales) Act 2016.
- **Scope** – currently the EU ETS scope covers power and industry, but we might consider flexibility to amend or expand the scope in future should it be advantageous in meeting policy goals.
- **Improvements** – there are elements of the EU ETS which we may look to improve upon in any future scheme, such as coverage and scope, or introducing greater proportionality in monitoring and reporting burdens. These divergences must be balanced against the ability to align or link to the EU ETS or other international trading systems.
- **Costs** –we are considering the impact of the carbon price on any system, and implications for the design of such systems within devolved competence.
- **Linking** – we will be considering the advantages and disadvantages of linking to other trading schemes, including flexibility for future evolution.
- **Business Competitiveness** – impact of any scheme on the competitiveness of businesses located in Wales, issues of Carbon Leakage and the ability to benefit from incentives for transitioning to low carbon technologies.
- **Liquidity** – for example, there may be significant benefits from a larger market size and therefore linking or increasing scope may be considered beneficial. However, the positives around linking must be offset against reduced flexibility for divergence. Other technical means of improving market liquidity will also be considered.
- **Governance** – a robust governance structure is required to set the scheme rules, set out monitoring verification and reporting requirements, determine an appropriate level of enforcement and manage dispute resolution.

**Financial Implications** – None. Any additional costs will be drawn from existing programme budgets.

## **Recommendation 6**

**The Welsh Government should share with this Committee the UK Committee on Climate Change's analysis of the impact of leaving the EU on the Welsh Government's carbon budgets, targets and climate change policies.**

**Response: Accept.**

The UKCCC have published three pieces of advice of relevance to this recommendation.

In October 2016 the UKCCC published an assessment at a UK level of the implications of Brexit for UK climate policy<sup>1</sup>. Although not bespoke to Wales, this report highlights areas at risk of a policy gap in the absence of new domestic arrangements driving climate action post EU exit. It also evidences where existing EU law does not currently drive decarbonisation, for instance in the agriculture sector, which suggests an opportunity for integrating climate change mitigation and adaptation in any future scheme in Wales.

On 13 April 2017 the Committee on Climate Change published its advice on the design of the Welsh carbon targets<sup>2</sup>, informed by a public call for evidence. The report assesses the challenges and opportunities of decarbonisation in Wales, highlights issues for consideration when setting Welsh carbon targets and recommends key principles for the design of Welsh carbon targets.

On 19 December 2017, in response to a request from the Welsh Government for independent advice, a further report<sup>3</sup> by the UKCCC advised on the level at which Welsh interim carbon targets and Welsh carbon budgets should be set.

As the situation develops, we may request further advice from the UK Committee on Climate Change and this, as is routine for all advice the UKCCC provide to the Welsh Government, will be published on their website.

**Financial Implications** – None. Any additional costs will be drawn from existing programme budgets.

---

<sup>1</sup> <https://www.theccc.org.uk/publication/meeting-carbon-budgets-implications-of-brex-it-for-uk-climate-policy/>

<sup>2</sup> <https://www.theccc.org.uk/wp-content/uploads/2017/04/Welsh-Carbon-Targets-Committee-on-Climate-Change-April-2017.pdf>

<sup>3</sup> <https://www.theccc.org.uk/wp-content/uploads/2017/12/CCC-Building-a-low-carbon-economy-in-Wales-Setting-Welsh-climate-targets.pdf>

## **Recommendation 7**

**The Welsh Government referred to “a range of measures” that will contribute to achieving its long-term planting aspiration, but which will need time to progress. The Welsh Government should provide details of each of these measures, including what they are, the estimated planting that will result from each of them, and the timeline for when each measure will deliver its estimated planting.**

### **Response: Accept**

The Minister for Environment has acknowledged that this is one of her top priorities. The Cabinet Secretary for Energy, Planning and Rural Affairs will bring forward proposals for post-Brexit reform that seeks to break down barriers between agriculture and forestry. We are working with a range of stakeholders including farming unions, environmental bodies and forestry representatives to deliver sustainable land use after Brexit and this will include developing proposals as to how to achieve our long term planting aspirations.

The refreshed forestry strategy, Woodlands for Wales was launched on 26 June, this provides details of how we propose to achieve its aims over the next 50 years. It can be found at the following link:

<https://beta.gov.wales/woodlands-wales-strategy>

<https://beta.llyw.cymru/coetiroedd-i-gymru-strategaeth>

The Glastir Woodland Creation Scheme (GWC) is providing support for woodland creation in Wales. Funding for the GWC comes from the Rural Communities Rural Development Programme. With Brexit this Programme will come to an end and Welsh Government is working with stakeholders to examine options to support sustainable management of our natural resources in future.

The development of Area Statements and taking forward the local delivery of the Natural Resources Policy will provide an opportunity to embed the Woodland Opportunities Map in local delivery and decision making by landowners and regulators alike. The Welsh Government expects statements will give a clear indication locally about where new woodland should be created.

Area Statements will have a strong link to local planning and, as required by the Well-being of Future Generations (Wales) Act 2015, we expect Local Service Boards to take account of the opportunities to create new woodland as they contribute to the development of land-use planning in their respective areas.

**Financial Implications:** None. Any additional costs will be drawn from existing programme budgets.

## **Recommendation 8**

**The Welsh Government should commit to a national target of 20% urban tree canopy cover.**

**Response: Decline.**

A single target is unlikely to be helpful in taking forward our policies or achieving our woodland creation goals. Each urban area in Wales is different and has different needs and priorities. The process of drawing up Local Well-being Plans and Area Statements, involving Local Service Boards in decision making, is the mechanism set out in the Well-being of Future Generations and Environment Wales Acts as the delivery mechanism for targets. Setting an additional goal would prejudge the local decision making process envisaged by this legislation.

The Welsh Government does consider some form of location-specific indicator of achievement should be available to those drawing up Local Well-being Plans. Accordingly, we support Natural Resources Wales' (NRW) work to measure canopy cover and will explore ways to monitor changes in canopy cover from the baseline established in the canopy cover report, '*Tree Cover in Wales' Towns and Cities*'.

The Welsh Government will work with NRW and Local Authorities to expand use of the iTree Eco tool for monitoring urban trees and woodlands in and around towns.

**Financial Implications:** None. Any additional costs will be drawn from existing programme budgets.

## **Recommendation 9**

**The Welsh Government should publish on an annual basis information about planting rates in Wales and the types of trees that are being planted.**

**Response: Accept.**

Information on tree planting rates in Wales and types of trees planted is published annually by Forestry Commission/Forest Research and is available online from their website:  
<https://www.forestry.gov.uk/forestry/infd-7aqknx>

**Financial Implications:** None. Any additional costs will be drawn from existing programme budgets.

## **Recommendation 10**

**The Welsh Government should provide the Committee with further information about the Agriculture Industry Climate Change Forum, including its membership, terms of reference, and details of its meetings.**

**Response: Accept.**

This forum has and will continue to provide evidence and insight to Welsh Government. The output from this group will be used to help evidence and inform Greenhouse Gas (GHG) reduction across agricultural sectors and in turn can be used to help inform future economic resilience and public goods schemes, which are proposed as part of the future land management policy for Wales.

The Agriculture Industry Climate Change Forum (AICCF) is made up of a number of bodies representing agricultural, forestry, skills and training, and academic perspectives. The full list includes The Farmers Union of Wales (FUW), National Farmers Union (NFU Cymru), Country Land and Business Association (CLA), Natural Resources Wales (NRW), Hybu Cig Cymru (HCC), Amaeth Cymru, the Agriculture and Horticulture Development Board (AHDB), LANTRA, Farming Connect, Bangor University, Aberystwyth University (Pwllperian Research Centre), Organic Centre Wales, Institute of Biological, Environmental & Rural Sciences (IBERS), National Sheep Association (NSA), Defra, Confederation of Forest Industries (CONFOR) plus individual farmers and land managers.

The Terms of Reference are as follows;

1. To initiate, co-ordinate and monitor the overall development of the Industry Climate Change Plan in line with the Amaeth Cymru Strategic plan (under development) and the Animal Health & Welfare Framework.
2. To promote and act as one voice for the Agricultural climate change policy agenda and its subsequent action plan.
3. Members of the group will be tasked to provide narrative and evidence for their respective areas of expertise where appropriate
4. Assess and develop a risk management plan and continually review as an on-going process.
5. To develop a communications and stakeholder communication plan in line with the Amaeth Cymru communications strategy.
6. Monitor progress in working with the Glastir Monitoring environmental framework (GMEP) successor, Climate Smart Agriculture project, and Welsh Government decarbonisation team to support and advise if necessary to ensure a robust monitoring programme for GHG emissions reductions in the agriculture sector.
7. Ensure equality of opportunity and participation is considered and adopted within all project activity.
8. Ensure that the Climate Change actions are given priority across the relevant work areas
9. Identify and record all cross cutting actions carried out within the Welsh Government's Activities.

**Financial Implications** – There are no financial implications to the Welsh Government as a result of convening this group. Implications for incorporating this work into future policy design will be considered along with all other evidence once consultations have been completed.

## **Recommendation 11**

**The Cabinet Secretary should update the Committee as soon as possible on progress in addressing the number and frequency of agricultural pollution events.**

**Response: Accept.**

The Welsh Government is currently giving urgent consideration to what actions are required in the short term following the number and scale of recent agricultural pollution incidents.

To help inform the approach to be taken, the Welsh Government is undertaking a full analysis of the responses received to the consultation on Nitrate Vulnerable Zones and further recommendations from stakeholders on tackling agricultural pollution. The Cabinet Secretary indicated in her Written Statement to the National Assembly on 13 December 2017 that she wishes to see a whole Wales approach, balancing regulatory measures and voluntary action.

Additional finance has already been allocated to NRW to fund field officers who will be on the ground, visiting farms later in the year to provide timely advice and to undertake enforcement action where such action proves necessary.

In addition, the Cabinet Secretary for Energy, Planning and Rural Affairs is currently consulting on a new Land Management Programme to support Welsh farmers post-Brexit. The proposals outline that appropriate regulation should underpin the provision of support for land managers. We will be issuing a statement in the autumn setting out further detail about regulatory improvement.

**Financial Implications:** None. Any additional costs will be drawn from existing programme budgets

## **Recommendation 12**

**The Cabinet Secretary should provide the Committee with further information about the Welsh Government's approach to planning in the context of the concept of "net environmental gain".**

**Response: Accept.**

The term 'net environmental gain' is used in Defra's 25 Year Environment Plan, applied to new development. It states they '*want to establish strategic, flexible and locally tailored approaches that recognise the relationship between the quality of the environment and development*' and '*want to expand the net gain approaches used for biodiversity to include wider natural capital benefits, such as flood protection, recreation and improved water and air quality*' (p33). However, its approach to the method of achieving this is not yet clear.

Welsh planning policy uses the phrase '*net benefit for biodiversity*'. This concept is set out in paragraph 5.46 of the consultation draft of Planning Policy Wales (PPW), which states that "*... development should provide a net benefit for biodiversity, and at the very least, with no significant loss of habitats or populations of species, locally or nationally.*" Technical Advice Note 5 'Nature Conservation and Planning', published in 2009, expresses the same principle.

'*Net benefit for biodiversity*' is similar to the phrase '*net environmental gain*'. However, in Wales we have a duty under Section 6 of the Environment (Wales) Act 2016 to '*maintain and enhance biodiversity ... and in so doing promote the resilience of ecosystems*'. Welsh Government's understanding of '*net benefit for biodiversity*' is therefore shaped by this requirement.

The overall Welsh Government approach to net gain / benefit is still evolving. The most recent advice is the maintenance of existing habitats is generally considered to be more compliant with the Environment Act duty than site clearance and re-vegetation, and a net benefit approach should consider habitat quality as well as quantity.

A net benefit approach will also consider the value of green infrastructure such as trees, hedgerows, green roofs and sustainable drainage systems. These can contribute not only to maintaining and enhancing biodiversity and improving the resilience of ecosystems, but also provide key well-being benefits and services in terms of improved air quality, flood management, water purification, reduced noise pollution, and climate change mitigation. The consultation draft of PPW states that "*full advantage should be taken of opportunities to improve the quality of the built environment by integrating green infrastructure into development*" (paragraph 5.69). Increasing green infrastructure is a key element of our national priority of delivering nature-based solutions, as set out in our Natural Resources Policy (2017).

The consultation draft of PPW also referred to the need to monitor net gain or loss of biodiversity. The purpose is to require monitoring of key species and habitats as an indication of trends, and planning authorities should use the best available data to do so.

As with all planning decisions, each application will be considered on its own merits, and the balance of factors will vary depending on the specific circumstances of each case.

The public consultation period for PPW ended on 18<sup>th</sup> May, and consultation responses are currently being collated and considered. The planning approach to net gain / benefit will therefore continue to be developed in light of both consultation responses and the evolving Welsh Government approach outlined above. The official position will be finalised by the end of the year.

**Financial Implications:** None. Any additional costs will be drawn from existing programme budgets.

### **Recommendation 13**

**The Cabinet Secretary for Economy and Transport should review the Active Travel (Wales) Act 2013 and report back to the Committee within 6 months of the publication of this report. The review should include the impact of the legislation on levels of active travel and any lessons learned in relation to the implementation of the legislation.**

**Response: Accept in principle.**

The Active Travel (Wales) Act 2013 includes provisions for the review of the legislation. In Section 11, it sets out that Welsh Ministers must, no later than the end of the period of 5 years beginning immediately after the end of the period mentioned in section 4(6) (a), [which relates to the submission of the Integrated Network Maps], carry out a review of the operation of this Act.

The Integrated Network Maps were submitted in November 2017, which means that the Act envisages the review to be carried out by November 2022. The legal provision was made in recognition that the impact of the Act will only be able to be felt once the networks are planned and their delivery has begun.

The Economy, Infrastructure and Skills Committee has just conducted their Post Legislative Scrutiny of the Act and published its recommendations. The Government will respond to the recommendations in July 2018.

**Financial Implications** – None. Any additional costs will be drawn from existing programme budgets.

## **Recommendation 14**

**The Welsh Government should provide the Committee with the Welsh Government's carbon assessments of the M4 relief road project and any carbon assessments that have been undertaken for the A487 and A470 highway improvement schemes. The Cabinet Secretary should provide further information on the extent to which officials in her department have been involved in the development of mitigation measures featured in these carbon assessments.**

**Response: Accept.**

Carbon emissions associated with the M4 Project have been carefully considered in the context of relevant policy and legislative requirements using highly detailed modelling. Assessment indicates that the total annual user carbon emissions on the south Wales highway network would reduce as a result of alleviation of stop-start traffic conditions and reduced journey lengths on the new, 2.8km shorter, section of motorway.

A Carbon Report was submitted to the M4 Project Public Inquiry that concluded in March 2017 (available in appendix 2.1 – 2.4 starting at page 55 here: <http://bailey.persona-pi.com/Public-Inquiries/M4-Newport/C%20-%20Core%20Documents/Environmental-Statement/Appendix-2-1-to-2-4.pdf>). The Inquiry also received evidence on the details of this assessment from member of the project team available at <http://m4-newport.persona-pi.com/1-proofs-of-evidence>. This work was directly overseen by Welsh Government Transport Officials. Decarbonisation Officials are responsible for the coordination across Government of actions taken to reduce emissions including overseeing the Decarbonisation Governance Structure.

Transport Officials lead on developing mitigation measures in specific projects and programmes in their area. In the development of the Low Carbon Delivery Plan, Transport Officials are working with Decarbonisation Officials in looking at strategic emissions reduction actions.

The identification development of schemes providing overtaking opportunities on the A487 and A470 in order to improve safety and journey time reliability is at an early stage. Once the schemes to be taken forward to detailed design and construction have been identified through the Welsh Transport Appraisal Guidance (WelTAG) process the appropriate assessments will be carried out. 'Pinchpoint' highway improvements can play a part in transport networks reducing their net emissions alongside technological improvements such as ultra low and zero emission vehicles.

This is demonstrated in the published Highways England 'Carbon Routemap' ([http://assets.highways.gov.uk/specialist-information/knowledge-compendium/2013-2014-knowledge-programme/HACR\\_Infographic.pdf](http://assets.highways.gov.uk/specialist-information/knowledge-compendium/2013-2014-knowledge-programme/HACR_Infographic.pdf)).

**Financial Implications** – None. Any additional costs will be drawn from existing programme budgets.

## **Recommendation 15**

**The Welsh Government should provide evidence or modelling that supports its position that improving traffic flow will reduce emissions and improve air quality.**

**Response: Accept.**

Pinchpoint' improvement schemes reduce traffic in densely populated areas, reducing emissions and improving air quality. For example, the M4 Corridor around Newport Project would reduce traffic along the current M4, and improve air quality for around 30,000 homes. Air quality expert witness evidence, based on detailed modelling, was submitted to the recently closed M4 Project Public Inquiry, and is available here: <http://bailey.persona-pi.com/Public-Inquiries/M4-Newport/C%20-%20Core%20Documents/1.%20Proofs/1.12.2%20Michael%20Bull%20Summary.pdf>.

Further evidence that improving traffic flow reduces emissions and improves air quality is contained in the Welsh Transport Appraisal Guidance Reports published as part of the consultation on Tackling Roadside Nitrogen Dioxide Concentrations which may be accessed via the following link: <https://beta.gov.wales/tackling-roadside-nitrogen-dioxide-concentrations-wales>

This modelling led to the recent implementation of 50 mph speed limits on five locations on the trunk road that exceed the Directive limit level for NO2:

- I. A494 at Deeside;
- II. A483 near Wrexham;
- III. M4 between junctions 41 and 42 (Port Talbot);
- IV. M4 between junctions 25 and 26 (Newport); and
- V. A470 between Upper Boat and Pontypridd.

The investigations and modelling undertaken to date have indicated that the implementation of 50 mph speed limits at each of the locations have the potential to bring immediate improvements to air quality and bring forward compliance with the EU Directives.

**Financial Implications** – None. Any additional costs will be drawn from existing programme budgets.

## **Recommendation 16**

**The Cabinet Secretary should share with this Committee further information on the advisory group she is establishing to consider how alternative sources of funding and support can be used to facilitate an extensive programme of retrofit.**

**Response: Accept.**

The new Advisory Group on the Decarbonisation of Homes in Wales met for the first time on 14 May and aims to meet monthly. Its role is to advise Ministers on the development of a programme of action to retrofit all residential properties by 2050 to meet the requirements of the Environment (Wales) Act 2016.

It is chaired by Chris Jofeh of Arup and with representatives from the key stakeholders who will help us deliver this programme including landlords, lenders, academia, and representative bodies such as Federation of Master Builders (FMB), National Energy Action (NEA) and the Royal Town Planning Institute (RTPI). The Group's work will look at a range of issues concerning the development of a programme including its financing.

**Financial Implications:** None. Costs of the establishing and running the Group will be met from existing programme budgets.

## **Recommendation 17**

**The Cabinet Secretary should share with the Committee further information about the housing conditions evidence survey and any action it intends to take as a result of the survey.**

**Response: Accept.**

The Welsh Housing Conditions Survey (WHCS) 2017-18 forms part of the Welsh Government's Housing Conditions Evidence Programme (HCEP). Fieldwork for the WHCS 2017-18 took place between August 2017 and April 2018. The data are currently being processed and modelled. Publication of the headline, national level results has been announced for November 2018 in line with the Code of Practice for Statistics. In early 2019 detailed analysis of the resultant Fuel Poverty estimates will also be published.

Results from the survey will be used to inform policy direction and resources around improving the living conditions of people in Wales, decarbonising the Welsh housing stock and to inform discussions with stakeholders regarding future actions on tackling fuel poverty in Wales and the development of a new fuel poverty plan. It is important to ensure that there is a joined up approach to tackling these issues.

**Financial Implications** – None at present; The Housing Conditions Evidence Programme is currently funded to the end of March 2019. A decision to extend the Programme, to continue utilising the data, will need to be taken in the near future.

## **Recommendation 18**

**The Cabinet Secretary should share with the Committee further information about when the review of Part L is expected to be completed. In addition, the Cabinet Secretary should share with the Committee the work already undertaken by the Welsh Government to ascertain that only “fine-tuning” of current building standards is needed to achieve near-zero energy.**

**Response: Accept.**

Scoping work for the review of Part L (Conservation of fuel and power) of the Building Regulations has commenced this month. The scoping study will inform the development of proposals for public consultation currently planned for the first half of 2019.

We are awaiting final analysis of our current standards (Part L 2014) in achieving ‘cost optimal levels’. The analysis for each administration is undertaken by the Ministry of Housing, Communities and Local Government who is responsible for responding on behalf of the UK, as the member state. Our view in which we anticipate ‘fine-tuning’ to current standards to achieve nearly-zero energy (NZE), is based on the earlier cost optimal report and the subsequent improvements made in 2014. The 2017 review is intended to at least deliver NZE, however, I will consider imposing more stringent standards if NZE does not meet our energy ambitions.

**Financial Implications** –: None. Any additional costs will be drawn from existing programme budgets.

## **Recommendation 19**

**The Welsh Government should clarify the timetable for its review of affordable housing supply. In particular, it should explain how it intends to act upon the evaluation of analysis of the impact of moving to deliver zero carbon homes by 2020, given that the review group is expected to report by the end of April 2019.**

**Response: Accept.**

We launched the review of affordable housing supply on 23 April this year, and have appointed an independent panel and chair to carry out the review.

The remit of the review is wide ranging, and the panel has chosen the work streams it wishes to pursue. These include work streams looking at grant rates, rent policy, housing need, modern methods of construction and the use of public sector land.

The move towards zero carbon homes will feature strongly in the work streams identified by the group. The chair has indicated that decarbonisation is a topic which they consider cuts across all of their work. We therefore would anticipate some of the recommendations will reflect this.

The group's recommendations in the spring of 2019 will feed into the wider work underway to prepare for the move towards zero carbon homes.

**Financial Implications** – None. Any additional costs will be drawn from existing programme budgets.

# Agenda Item 6

By virtue of paragraph(s) vi of Standing Order 17.42

Document is Restricted

# Agenda Item 7

By virtue of paragraph(s) vi of Standing Order 17.42

Document is Restricted

# Agenda Item 8

By virtue of paragraph(s) vi of Standing Order 17.42

Document is Restricted