

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

Eich cyf/Your ref
Ein cyf/Our ref

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

30th July 2018

Dear Mike,

Welsh Government Draft Budget 2018-19

In December 2017, you published a report following your scrutiny of the Welsh Government's draft budget 2018-19 detailing a number of recommendations which we provided formal response in January 2018. Included in our response were 8 recommendations which required further formal response in 6 months.

I would like to confirm, on behalf of Hannah Blythyn AM, Minister for Environment, and myself that the formal response required for the remaining recommendations is enclosed. Two of these recommendations will have further responses in 6 months.

Regards,

Lesley Griffiths AC/AM

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Cabinet Secretary for Energy, Planning and Rural Affairs

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1NA

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

Gohebiaeth.Lesley.Griffiths@llyw.cymru
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.

Progress report by the Welsh Government to the Climate Change, Environment and Rural Affairs Committee following the Scrutiny of the Welsh Government Draft Budget 2018-19

27 July 2018

Detailed responses to the report's recommendations:

Recommendation 3

The Welsh Government should report to the Committee within six months on its considerations regarding increasing local authority recycling targets.

Response: Accept

Local Authority recycling targets form an integral part of the consultation of the review of the national waste strategy for Wales. This review will be informed by detailed consideration of the costs and benefits of potential changes to Local Authority recycling targets.

Status update

Options for local authority recycling targets are being modelled for inclusion in the consultation on the review of the national waste strategy for Wales. The consultation is likely to be issued in the Autumn 2018 and the Welsh Government will aim to publish the responses to the consultation within six months of its launch.

Recommendation 5

The Cabinet Secretary should undertake an assessment of the short and medium term staffing resource requirements within her department arising from Brexit. The Cabinet Secretary should report back to the Committee within six months on that assessment.

Response: Accept

An exercise conducted earlier this year to assess the staffing requirements has already resulted in a number of temporary posts being identified as being needed with arrangements underway to fill those posts. Going forward, the resourcing need will continue to be kept under review as more clarity emerges on the implications for Wales. The Welsh Government will report back to the Committee on this matter in June 2018.

The financial implications of Brexit within my portfolio area are continually under review, with discussions planned for obtaining further funding to assist with the additional costs for resources.

Status update

In September 2017 I agreed to create 50 new posts to support Brexit work by top slicing the programme budget for the directorate. To date around half of these posts have been filled and further recruitment is underway. This has been supplemented by extensive reprioritisation of work to give capacity to manage immediate Brexit processes and negotiations. This has allowed us to establish clear Brexit programmes of work on legislation, operational and industry readiness and for major future policy design as well as engage in the detailed policy deep dives and framework development across 19 specific policy areas.

However, this work, coupled to more recent detailed engagement from Defra on the operational readiness challenges (where they have 64 specific projects), has shown the scale of the work that needs to be done. In addition, with Brexit new responsibilities will fall on Welsh Ministers, and we will need to develop the policy capability to provide them with the necessary level of advice and assurance to discharge those functions either separately or in the context of UK wide frameworks.

The existing resources, even with 50 extra staff already identified, are insufficient to carry out these tasks. There will need to be a burst of activity over the next 2½ years up to the end of 2020 to put in place the necessary framework and systems for the post Brexit world. There are some programme requirements for IT and other systems build as well as for staff. Beyond this there will be a need for increased capacity compared to pre-Brexit levels to run new operational systems, take on enhanced policy responsibilities and delivering a new UK framework operating environment.

Recommendation 6

The Welsh Government should provide information on the status and scope of its planned legislation on agriculture and fisheries, along with details on any proposed consultation activity and the timetable for such legislation.

Response: Accept in principle

The timing and extent of future agriculture and fisheries bills will evolve as we continue to negotiate our exit from the European Union. The stakeholder round table are and will be engaged in shaping future legislation. The timing and scope of both the UK Withdrawal Bill and the respective UK agriculture and fisheries bills will also form part of my consideration around future legislation. I will write to the Committee once the position is clearer.

Status update

We aim to legislate for future agriculture support in Wales when we exit the EU through a Wales Agriculture Bill Our ambition is to put such legislation in place before the end of this Assembly term and in good time to ensure the phased transition period can take effect.

In addition and on a time-limited, interim basis, we will include Welsh-specific provisions in the UK Government's forthcoming Agriculture Bill which will provide powers for Welsh Ministers to commence the phased transition plan to new support schemes until Welsh primary legislation takes effect.

Defra had been aiming to introduce the UK Agriculture Bill before Summer Recess but this has been delayed until September. There is still considerable inter-departmental negotiation going on around issues on the scope of the frameworks and the links to the Inter Governmental Agreement (IGA). Defra have shared a number of clauses and we expect to see the full Bill very soon. We are still waiting for DEFRA to be able to share the clauses in the UK Fisheries Bill with us.

A consultation document Brexit and our Land was launched on 10th July.

Recommendation 10

The Welsh Government must, in discussion with Natural Resources Wales (NRW), keep under review the capacity of NRW to fulfil its responsibilities and statutory functions. The Welsh Government should provide an initial report on this matter to the Committee within six months.

Response: Accept

Regular meetings are held with NRW to review their capacity to fulfil responsibilities and statutory functions. The Welsh Government will report back to the Committee on this matter.

Status update

In June 2018, a response was provided to the Committee.

NRW has published their Corporate Plan to 2022, and their Board has agreed NRW's Finance Strategy to 2022 and their Business Plan for 2018-19.

The significant level of funding NRW receives has allowed them to set ambitious targets, however there is more they would like to be able to deliver.

Their plans and strategies reflect their delivery priorities. Their statutory functions have since changed through Acts including the Well-being of Future Generations (Wales) Act 2015, Environment (Wales) Act 2016 and Planning (Wales) Act 2015). These Acts make it clear how, with partners, NRW is expected to work and deliver over the coming years.

My officials are continuing discussions about the future vision for NRW including a strategic look at priority areas.

Recommendation 11

The Welsh Government should report back to the Committee within the next six months with details of how the £2.3 million of funding is allocated for marine and fisheries. This should include details of the spending plans for the additional £0.5 million allocated to marine and fisheries.

Response: Accept

A report will be produced in June 2018 detailing the spending plans for the marine and fisheries allocated budget.

Status update

The budget has been provided by my officials detailing the breakdown of allocation for marine and fisheries.

| Area of Work | Percentage of budget | Value (£) |
|---|----------------------|-----------|
| Marine biodiversity and nature conservation | 33 | £0.759m |
| Marine Planning | 16 | £0.368m |
| Marine and Fisheries Enforcement | 29 | £0.667m |
| Third Sector Support | 9 | £0.207m |
| Commercial, freshwater and aquaculture fisheries policy | 7 | £0.161m |
| Fishers safety | 5 | £0.115m |
| Stakeholder engagement | 1 | £0.023m |

Forecast outturn will be reviewed continually to ensure the Marine and Fisheries budgets are fully maximised.

The additional allocation included within the 2018-19 budget settlement has allocated against these key priority areas:

| Area | £m |
|--|---------|
| Marine Protected Area Management Plan work | £0.150m |
| Marine Plan implementation and cross boarder work | £0.050m |
| Additional marine related monitoring work | £0.100m |
| Assessment of commercial fisheries and aquaculture | £0.075m |
| MPA network impact assessment | £0.050m |
| Future markets for Welsh fish – Attendance at overseas events and evaluation | £0.075m |

Recommendation 12

The Welsh Government should provide further information to the Committee on any discussions with the MPA Management Steering Group in determining how the additional funding for marine and fisheries should be allocated, including whether any consideration was given to funding an area-based approach to MPA management.

Response: Accept

An additional £0.5 million has been allocated to marine and fisheries to meet additional budget pressures. These pressures are largely driven by preparation for EU Exit and marine and fisheries sector readiness, work required for the implementation of the Wales Act 2017, the final phase of development and the implementation of Wales' first Marine Plan and the need to build on our current programme to help ensure our network of MPAs achieve and remain in favourable condition. As these are developing work areas it is not possible to offer a breakdown of how the £0.5 million will be allocated at this stage. This information will be provided to the Committee within the next 6 months.

The Welsh Government is working with the MPA Management Steering Group to consider how some of the additional funding could best be used for MPA management. Given the demands on resources I would expect to see an approach which targets action and activity where it will have the greatest impact on improving and maintaining the condition of the MPA network as a whole. An update will be provided to the Committee within the next 6 months.

Status update

The Marine Protected Areas Management Group is working toward a prioritised set of actions for the management of sites. The highest priority actions will have the potential to improve the management of multiple sites. It is right these actions receive priority resource.

The MPA management group recognise some local management authorities may wish to work collaboratively to deliver their statutory duties for a single site. The plan will recognise this work and reference it, where appropriate. The MPA management group also recognise there may be a need to fund pilot activities which might be best delivered by local groups. The plan will also signal these opportunities where they arise.

Recommendation 13

The Welsh Government should work with National Parks to explore how they can raise revenue. This should include support to develop plans to realise their potential for income generation. The Welsh Government should report back on progress within six months.

Response: Accept in part

The Welsh Government acknowledges it is in the best interest of both National Parks and National Park Authorities if resources in support of the landscape of the areas are derived from a wide range of sources. The Welsh Government has worked with the National Park Authorities during the Future Landscapes Wales process to explore ways of diversifying the funding base which included raising their own income. Whilst such an approach can help mitigate the impact of budget cuts to the Authorities from the Welsh Government, it is also an acknowledgement that much of the work in support of the purposes of National Parks needs to be taken forward in collaboration with a wide range of partners who are already making spending decisions which can impact positively or negatively on the landscape.

The Welsh Government will explore further with the Parks their plans for revenue generation and share with them the recent experience of CADW. Whilst the development of plans specifically on this issue is a matter for the individual Park Authorities, the Welsh Government agrees that clear policies and plans for revenue generation which have considered the merits and potential pitfalls of different approaches are advisable.

Status update

The Welsh Government has initiated further exploration with the Parks of their capability and performance in revenue generation. The Minister for Environment met with all three Park Authorities in April to discuss their current commercial performance, how responsibilities for commercial activity is organised within and across the Authorities, and any associated capital investment and marketing plans. The meeting involved the Director for Culture, Tourism and Sport in order to share the experience of recent improvements in the performance of CADW and to assist the Minister in scrutinising the activities of the Park Authorities. All three Authorities have the potential to improve their performance in this area. The Director for Culture, Tourism and Sport will be meeting with each of the Authorities individually to discuss further the structural and cultural challenges which they will need to address in order to make improvements. Greater consistency in the interpretation and reporting of commercial performance will be established to measure change in this area.

Recommendation 15

The Welsh Government should consider the lessons learnt from the pilot can and bottle deposit scheme in Scotland before progressing any such pilot work in Wales. The Welsh Government should keep the Committee updated on progress in this area.

Response: Accept

The Welsh Government is liaising closely with the Scottish Government to share their experience of initiatives and pilots regarding container deposit return schemes. This will be taken into account in considering feasibility studies in Wales. We will

keep the Committee informed of the progress made in the deposit return feasibility work.

Status update

The Welsh Government is working closely with the Scottish Government and DEFRA to consider options for a container deposit return scheme (DRS). The Scottish Government published its consultation on 27 June 2018 setting out a number of options for consideration. The results of the Scottish consultation will be taken into account in considering pilots in Wales and we will keep the Committee informed of progress.