



Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales

Cofnod y Trafodion The Record of Proceedings

[Y Pwyllgor Newid Hinsawdd, Amgylchedd a
Materion Gwledig](#)

[The Climate Change, Environment and Rural
Affairs Committee](#)

02/11/2016

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Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynnddi yn y pwyllgor. Yn ogystal, cynhwysir trawsgrifiad o'r cyfieithu ar y pryd. Lle y mae cyfranwyr wedi darparu cywiriadau i'w tystiolaeth, nodir y rheini yn y trawsgrifiad.

The proceedings are reported in the language in which they were spoken in the committee. In addition, a transcription of the simultaneous interpretation is included. Where contributors have supplied corrections to their evidence, these are noted in the transcript.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Jayne Bryant	Llafur
Bywgraffiad Biography	Labour
Vikki Howells	Llafur
Bywgraffiad Biography	Labour
Huw Irranca-Davies	Llafur
Bywgraffiad Biography	Labour
David Melding	Ceidwadwyr Cymreig
Bywgraffiad Biography	Welsh Conservatives
Jenny Rathbone	Llafur
Bywgraffiad Biography	Labour
Mark Reckless	UKIP Cymru (Cadeirydd y Pwyllgor)
Bywgraffiad Biography	UKIP Wales (Committee Chair)
Simon Thomas	Plaid Cymru
Bywgraffiad Biography	The Party of Wales

Eraill yn bresennol
Others in attendance

Prys Davies	Dirprwy Gyfarwyddwr, Ynni, Dŵr a Llifogydd, Llywodraeth Cymru Deputy Director, Energy, Water and Flood, Welsh Government
Dr Christianne Glossop	Cyfarwyddwr, Swyddfa'r Prif Swyddog Milfeddygol Director, Office of the Chief Veterinary Officer
Lesley Griffiths	Aelod Cynulliad (Llafur), Ysgrifennydd y Cabinet dros yr Amgylchedd a Materion Gwledig Assembly Member (Labour), Cabinet Secretary for Environment and Rural Affairs
Diane McCrea	Cadeirydd, Cyfoeth Naturiol Cymru Chair, Natural Resources Wales
Matthew Quinn	Cyfarwyddwr, Amgylchedd a Datblygu Cynaliadwy, Llywodraeth Cymru Director, Environment and Sustainable Development, Welsh Government
Dr Emyr Roberts	Prif Weithredwr, Cyfoeth Naturiol Cymru Chief Executive, Natural Resources Wales
Andrew Slade	Cyfarwyddwr, Amaeth, Bwyd a'r Môr, Llywodraeth Cymru

Director, Agriculture, Food and Marine, Welsh
Government

Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance

Chloe Corbyn	Y Gwasanaeth Ymchwil Research Service
Alun Davidson	Clerc Clerc
Andrew Minnis	Y Gwasanaeth Ymchwil Research Service
Rhys Morgan	Dirprwy Glerc Deputy Clerk

Dechreuodd y cyfarfod am 09:18.
The meeting began at 09:18.

Cyflwyniad, Ymddiheuriadau, Dirprwyon a Datgan Buddiannau
Introductions, Apologies, Substitutions and Declarations of Interest

[1] **Mark Reckless:** Good morning and welcome to the Climate Change, Environment and Rural Affairs Committee. We're now going into public session. Simultaneous translation is available as needed.

Craffu Blynyddol ar Cyfoeth Naturiol Cymru (CNC)
Annual Scrutiny of Natural Resources Wales (NRW)

[2] **Mark Reckless:** Could I ask our witnesses from Natural Resources Wales to introduce themselves for the record?

[3] **Ms McCrea:** Thank you. I'm Diane McCrea, and I'm the chair of the board of Natural Resources Wales.

[4] **Dr Roberts:** Bore da. Emyr **Dr Roberts:** Good morning. Emyr Roberts, prif weithredwr Cyfoeth Roberts, chief executive of Natural Resources Wales—
Naturiol Cymru— Resources Wales.

[5] chief executive of Natural Resources Wales.

[6] **Mark Reckless:** Thank you, both. Diane, I understand you've been in post as chair for about a year or so.

[7] **Ms McCrea:** Almost.

[8] **Mark Reckless:** And Emyr, you've had a longer record at the organisation. When did you take up your current post?

[9] **Dr Roberts:** Four years yesterday, Chair.

[10] **Mark Reckless:** Four years yesterday. Thank you. Could I start by asking you about your annual report and budget? In previous years—I understand this has been published at some point over the summer, but I haven't been able to locate your accounts yet for the previous year, and I just wonder if you could explain why there may have been any delay in that.

[11] **Dr Roberts:** Yes, I can explain that, Chair. The accounts—the annual report and accounts—have been submitted to the auditor general in August. So, they're currently with him. He has had an inquiry from a third party, which he is investigating at the moment, so he hasn't formally approved or laid the accounts yet.

[12] **Mark Reckless:** So, four months now with the auditor general—would that suggest potential problems or likely qualification to the accounts when they—

[13] **Dr Roberts:** I think you'd have to ask the auditor general that. He has asked us a number of questions about a particular issue and we've responded to those. So, he's considering that evidence at the moment.

[14] **Mark Reckless:** Are you able to give the committee any indication of the nature of that issue?

[15] **Dr Roberts:** I'm sorry—

[16] **Mark Reckless:** Are you able to give the committee any indication of the nature of that issue?

[17] **Dr Roberts:** Yes, it was in respect of long-term contracts that we provided on timber. So, a third party has written in, querying the way that we carried it out, and we've responded to those questions. And, as I say, the

auditor general is investigating that at the moment.

[18] **Mark Reckless:** Thank you. When you gave evidence to our predecessor committee last year, you were asked about voluntary redundancy schemes, whether they were invest-to-save or otherwise. And you responded that the organisation was not contemplating any organisation-wide scheme. You say in your report, though, that you

[19] 'have had to make a series of difficult decisions to balance the budget during this financial year including cutting back on many operational budgets by 10%, substantially amending some service offers, and reducing posts through the Voluntary Exit Scheme.'

[20] When did you change your mind on that issue?

[21] **Dr Roberts:** It came, really, out of the 7 per cent cut in our budget for 2016–17. And, as a result of that, we have undertaken a completely end-to-end review of the activities that Natural Resources Wales is carrying out. So, we're looking at all our activities, why we're involved, what value we add to the processes, and so on. So, that process is very well advanced now. We also forecast ahead what our grant in aid might be for future years, and, as a result of that, I, as accounting officer, was anxious that we had a financially sustainable organisation. So, we introduced a voluntary scheme for this financial year, to reduce the head count by about 100 people—that's on top of the two previous schemes that we've had. That's the background, and that's why we've carried it out.

[22] **Mark Reckless:** How many people do you think would have left anyhow under those schemes, but have been paid an average of over a year's salary to go, on account of your having, I think, now, three separate schemes?

[23] **Dr Roberts:** We have a fairly low turnover of staff, Chair; each year, I think it's about 3 per cent of staff. So, it's fairly small numbers who would otherwise have left. So, obviously, it was a voluntary scheme. There was an incentive there, but we needed to reduce the head count in order to stay within our budgets for this year and future years.

[24] **Mark Reckless:** And does the organisation ever manage out people who are performing perhaps less well in their role, or not performing to agreed objectives?

[25] **Dr Roberts:** Yes, we do, but, again, the numbers are fairly small.

[26] **Mark Reckless:** The concern I have about this is: if an organisation needs to adjust to a new size, I can understand why you have a voluntary redundancy scheme to do that, but the ongoing nature of these, I think, is a real concern—one in 2013–14, another in 2014–15, and now this 2016–17 scheme. I read in your paper that people are assessed against two criteria: how replaceable are they as an individual, and how essential is their role to the organisation. I just wonder what it does to the morale or functioning of an organisation if, over four years, you have people trying to present themselves to you as (a) replaceable and (b) their role not being especially important to the organisation. Are you concerned, perhaps, that that may have had knock-on negative impacts on the organisation and morale of staff?

[27] **Dr Roberts:** Clearly, it's not ideal. We are about 300 staff down from when NRW was first established. Clearly, that has implications for the workload on the remaining staff. Obviously, there's disappointment for those people who have applied and were not selected. So, it's not ideal. But, I think I should explain that the reason for this scheme is slightly different from previous schemes. The first scheme that we launched was quite soon after NRW was set up, and we were very much moving from three organisations into one. So, we were looking for posts that perhaps were duplicated across the three organisations, whereas we only needed one post in NRW going forward. So, that was the background to the first scheme. This scheme is more of a structural change to adapt to our budgets and to prioritise the areas that we need to, going forward.

[28] **Mark Reckless:** Thank you. Can I just ask, Simon and David, as you both indicated, do either of you have a point either on the delay in the accounts or on this voluntary exit?

[29] **David Melding:** On the exit scheme.

[30] **Mark Reckless:** Okay. Can I ask you quickly for any question on that?

[31] **David Melding:** Regarding the latest one, then, because I accept what you said about the organisations merging, it was unanticipated and you candidly said then that the budget choices that the Welsh Government made required you to look at that. Staffing obviously is a huge cost in any organisation, so I respect that that's where you were. My question is: what sort of skills audit have you been undertaking? Because the preservation of

key skills is obviously absolutely at the heart of any efficient organisation and you don't get more efficient just by cutting 100. You might, if you're able to identify those skills areas that are oversupplied at the moment. So, how did you go about that?

[32] **Dr Roberts:** It was a very rigorous process. As I say, the background here is that we have been reviewing all our activities and prioritising them. So, we were measuring, if you like, the applications against those priorities and what we were likely to be doing in future. So, it's a fairly rigorous process that we had to make sure that we only released people whose skills were perhaps of a lower priority than those that we wanted to retain. I have to say that in some areas we have adjusted the service provision quite substantially. So, for instance, we have changed our education team. We used to do a lot of outreach work on education. That was funded out of grant in aid. Grant in aid has been reduced, so we have changed the focus of that team to be much more strategic rather than doing the outreach work. But that's resulted in a reduction from about 19 or 20 people to about four, and some of those people went on the voluntary severance scheme. So, yes, we've had to look at what the business need is going forward and make sure that we don't release absolutely key skills that we could not otherwise replace.

[33] **Mark Reckless:** Simon Thomas, do you have points on this voluntary exit scheme?

[34] **Simon Thomas:** It's related to this, yes.

[35] **Mark Reckless:** Okay.

[36] **Simon Thomas:** Roeddwn i jest **Simon Thomas:** I just wanted to ask eisiau gofyn faint sydd ynghlwm yn y how many are involved in that broses yma sy'n deillio o'r ffaith bod process due to the fact that the three tri mudiad wedi dod at ei gilydd. Yn organisations have come together. As ôl beth rwy'n ei ddeall, rydych wedi far as I understand it, you've had to gorfod gwerthuso'r swyddi, a evaluate posts, and compare posts of chymharu swyddi gwahanol gyrff the different bodies. People were gyda'i gilydd. Roedd pobl yn cael eu being paid differently, there were talu'n wahanol, roedd telerau different conditions and costs were gwahanol ac roedd costau'n cael eu being allowed in some bodies that caniatáu nad oedd yn cael eu weren't allowed in others. So, what's caniatáu mewn gwahanol gyrff. Beth the effect that that has had on the

yw effaith hynny ar y gostyngiad yn y nifer o staff, a ydych chi wedi canfod yr adnoddau i dalu am hynny, ac a ydych chi bellach wedi cwblhau'r gwaith yna?

reduction in the number of staff, have you found the resources necessary to pay for that, and have you completed that work?

[37] **Dr Roberts:** Rydym ni wedi gwneud rhywfaint o'r gwaith yna. Gwnaethom ni'r gwaith yna ar y cychwyn a gosod pobl ar yr un ffordd o dalu am eu gwaith—yr un *pay scale*. Ond mae arolwg yn cymryd lle ar hyn o bryd gyda'r undebau ynglŷn ag yn hollol ble ar y *scale* yna mae'r staff yn mynd. Rwy'n gobeithio ein bod ni'n dod at ddiwedd y broses yna. Mae wedi bod yn un hir ac un maith, ond mae'n bwysig iawn ein bod ni yn ofalus ac yn gwerthuso yn gywir. Ond rydym yn dirwyn i ben y broses yna.

Dr Roberts: We did do some work along those lines at the beginning, in placing people on the same pay scales. But we are looking at the situation at the moment with the unions in relation to exactly where on the scale the staff are placed. I hope that we're coming to the end of that process at the moment. It has been a very long and extensive process, but it's very important that we are very careful and that we evaluate correctly. But I think we are coming to the end of that process now.

[38] Rydym wedi gosod rhywfaint o arian wrth law ar gyfer y broses hwnnw. Ond bydd rhaid cael rhagor o arian er mwyn talu, ar ddiwedd y dydd. Fel rwy'n dweud, rydym yn gobeithio y bydd hynny'n dirwyn i ben yn o fuan. Rwy'n gwybod bod staff yn awyddus iawn i ni orffen y broses.

We have put some money aside for that process. But we will need more funds in order to make those payments at the end of the day. I hope that will come to an end very shortly. I know that the staff are very keen for us to bring that process to a close.

[39] **Simon Thomas:** Rydych yn dweud y bydd angen rhagor o arian i dalu am y broses yna. Felly, nid yw e wedi cwblhau eto, ryw dair blynedd ar ôl i'r cyrff ddod at ei gilydd. Ond o ble y daw yr arian yna? Achos o edrych ar eich cyfrifon yn y gorffennol, a gwybod y toriadau rydych wedi'u derbyn—tua faint yw'r

Simon Thomas: You say that additional funding will be needed to pay for that process. So, it hasn't been completed yet, three years after the three bodies came together. But where will that funding come from? Because looking at your accounts in the past, and acknowledging the cuts that you've received—what is that

swm yna, ac o ble y daw'r arian yna? sum, and where will the funds come from?

[40] **Dr Roberts:** Mae hynny'n gyfrinachol, os caf ddweud, ar hyn o bryd, oherwydd rydym yn trafod hynny efo'r undebau. Rydym yn gorfod cael hyd i'r arian yna ein hunain. Mae yna ffyrdd y medrwn ni wneud hynny. Mae yna ddewisiadau y medrwn ni eu gwneud. Dyna beth rydym yn trafod efo'r undebau ar hyn o bryd, ac fel rwy'n dweud, gobeithio y bydd hynny'n dirwyn i ben cyn bo hir.

Dr Roberts: That is confidential, if I may say so, at the moment, because we are discussing it with the unions. We do have to find that money ourselves. There are ways in which we can do that. We have various options we could take. That's what we're discussing with the unions at this time, and as I say, I hope that will come to an end very soon.

[41] **Simon Thomas:** Ond a fydd yna effaith ar y gwasanaethau rydych yn eu darparu yn sgil hynny?

Simon Thomas: But will there be an impact on the services that you provide?

[42] **Dr Roberts:** Bydd. Mae rhai goblygiadau yn hynny, oes, wrth inni fynd ymlaen. Buasai'n llawer haws i mi esbonio pan fyddwn ni wedi cwblhau'r trafodaethau, os ydy hynny'n iawn.

Dr Roberts: Yes. There are some implications in relation to that, yes, as we move forward. It would be much easier for me to explain once we've concluded those discussions, if that's okay.

09:30

[43] **Simon Thomas:** Tua pryd fyddwch chi'n disgwyl cwblhau'r trafodaethau?

Simon Thomas: And when do you expect to complete that work?

[44] **Dr Roberts:** Cyn Nadolig, rwy'n gobeithio.

Dr Roberts: I hope it'll be before Christmas.

[45] **Mark Reckless:** Jenny, did you have a point on the matters we were just discussing?

[46] **Jenny Rathbone:** Yes. I just wanted to probe a bit on this, because it feels a little bit lacking in strategic direction, this constant request for

voluntary exit. I just wondered—if you'd agreed your corporate plan then you'd have a really clear idea about what staff you needed and then you'd have to take action accordingly. I don't quite understand why you're doing it in this piecemeal way.

[47] **Ms McCrea:** Perhaps I could comment on this. When I was appointed, one of the first things we needed to look at was how we shape the organisation for the future and how we strategically organise and deliver on our mandates, which are changing with the environment Act, the well-being of future generations Act, and how we're moving to place-based delivery of services. One of the staggering things that I found was that much has been achieved in NRW. I'm really impressed with what I found when I got behind the scenes and looked at how much had been achieved. But what, I suppose, surprised me, was how much more there is to do. We are in the middle of a very long change programme. Not only are the three organisations merging, with job evaluation and looking at how we pay people on the same scales, but the legislation is changing, where we want people to work with others in partnership—all of that is changing. So, strategically, we have to address those changes, but in addition to that, we need to look at the budgetary challenges.

[48] **Jenny Rathbone:** But you've known about these two Acts for months now.

[49] **Ms McCrea:** Absolutely.

[50] **Jenny Rathbone:** Even if they weren't passed by Royal Assent, you knew the shape of them some time ago. So, I'm just concerned that you haven't got a clear idea of how you're going to implement them, 12 months away.

[51] **Ms McCrea:** I think we have got a clear idea of how we're implementing them, and many steps along the way, but we can't change overnight. We do have a plan, and we are working towards it. But the world around us is changing, as we know with the decision about Europe. That will change, perhaps, some of the way we deliver things in the future. So we have to be fleet of foot, but we have to go through the proper procedures with our people to get from A to B and we're not there yet.

[52] **Jenny Rathbone:** So the reasons for the delay in your agreeing of a corporate plan are to do with the changes over Brexit.

[53] **Dr Roberts:** No.

[54] **Ms McCrea:** No, that was an example of how the future will change us. But our corporate plan is predicated on how we'll need to deliver for the well-being objectives, how we need to set our services to reflect the natural resource management policy, which is due from Welsh Government—the steps along the way.

[55] **Dr Roberts:** Another way of looking at this is that the first couple of years was very much about transition, about putting all the services in from the three separate bodies. Now we're actually undertaking complete transformation of the organisation to set up NRW in a way that it was intended. Yes, the environment Act and the well-being of future generations Act are part of that, and that's why we've taken a strategic approach to where we feel that we actually can add the most value. It does also involve changes in structures internally. As Diane's mentioned, we are putting as many functions out into our place-based teams, and really integrating all that they do.

[56] In terms of the delay to the corporate plan, the prime reason for that is we will be awaiting the Welsh Government's national natural resources policy. So, the way that the environment Act is set up is that we provide the evidence—the SoNaRR report, which was launched a month or so ago—now Welsh Government will be producing a policy for natural resources and then we present the area statements. That's why we're adapting the organisation, for that. So, we need to see the national policy, because that will drive the priorities in our corporate plan.

[57] **Jenny Rathbone:** Okay. I mean, all this feeds into, obviously, uncertainty for your staff, which I think we're about to come onto. I'll come back to you.

[58] **Dr Roberts:** If I could say, that's absolutely right. You know, our staff are feeling a lot of change at the moment, but we want to make the organisation sustainable going forward, and that's why it's better to take these decisions now rather than delay them and salami-slice, I think. We're taking a very strategic approach to this.

[59] **Mark Reckless:** Jayne.

[60] **Jayne Bryant:** Thank you. Well, I'm particularly concerned about the 2016 staff survey. I can see the results on paper of low staff morale, and I've also had anecdotal evidence from people who work within Natural Resources Wales who've told me that morale is at rock bottom. Particularly concerning is the decrease from the absolute definition of the baseline of 2015, which is particularly worrying. An example is that only 67 per cent of staff have confidence in their line manager, and I think that 14 per cent of responding staff believe that the board has a clear vision for the future of the organisation, which is a decrease of 11 percentage points, and the other point of only 12 per cent of responding staff think that different parts of the organisation work well together. Perhaps you could explain a little more about why you think those results have come in much lower than last time, and what work has been done—and planned—to improve relations between the senior team to improve the culture, the decision making and the integration, which, I think you have to admit, has deteriorated since 2015.

[61] **Ms McCrea:** Yes. This is one of our major issues or priorities to deal with. Our staff—our people—are our most important resource. These results, obviously, are worse and we have to respond to that. I think it's important to say that the board is absolutely determined that we will address the issues raised in the staff survey. The other thing is that the board are confident that it's very brave to undertake this survey at a time when we know there's so much change, but as in the last session that looked at NRW in this committee, we've taken the baseline at a time of enormous change. We now have clear indication from our staff about leadership, about the board, what their particular views are, and we're tackling those.

[62] It's very clear to us that the culture of the organisation is not in a good place, and we need to put a major emphasis on addressing where we're going in the future, looking at the strategy, ensuring that the people who work for us understand why there's so much change, why it's impacting on their job, and what the ultimate goal and direction of travel is. Whilst they've been involved in determining some of that—in part, the roadmap, which was established and reconfirmed by the board—perhaps we haven't done enough to engage them in the direction of travel. Clearly, they're not getting it. It's not that we're going to impose and say, 'Well, this is what we expect you to do.' We want to establish a culture of collaboration and engagement, getting people to work with us as the board, as the executive, so that, together, the whole of NRW can move to where we want to be in the future.

[63] One of the things that I want the board to do is to get out and about

and meet our people on their patch. If our people don't understand what we do, that's probably because they've never met us, don't understand what the board does, don't understand the difference between the board's strategic responsibilities and the executive's operational responsibilities. So, as individual board members, we've linked in with our sites, we go out and we are meeting our people to understand, to listen and to have that dialogue with them, to begin opening up the process of finding out what's really behind some of these devastating results in the survey.

[64] As a board and executive, we're taking a high priority on improving the leadership. We had a workshop this week with Academi Wales, looking at how we can develop and strengthen the leadership role and deliver that through the organisation, at all the layers, and develop an action plan from that to give this top priority. There's no getting away from the fact that this is one of our most serious challenges and we are taking it as that. Emyr, in his day job, knows that this is what I expect from him, as the chief executive: to lead this. He is stepping up to that role; I'm really confident about that. We have a cross-organisation, which means a completely all-sites-and-all-different-levels working group—a people and teams working group—looking at how we can deliver some of this: some of the quick wins and some of the longer term strategic issues that we have to respond to. But, it won't be easy.

[65] I sincerely hope there'll be some changes next year because we're committed to undertaking the people survey every year, but I can't guarantee that it will all be better by next year. Anyone who's been involved in major cultural change within complex organisations knows how difficult that is and it's not going to get better overnight. But, it's our goal, ambition and our determination to make sure that it does.

[66] **Jayne Bryant:** Brilliant. Thank you. I'm glad you recognise that the survey results are devastating because it was pretty shocking to read about these. Your words, I hope, will become deeds, particularly as you've mentioned getting out and about a lot more because I've noticed that that's something else that came up within that. I think that, as you say, these are very severe and worrying times, but how do you see that the leadership team, apart from just going out and about, can actually make a change and do something that is severely lacking at the moment?

[67] **Ms McCrea:** Some of the words that came out of our action plan priorities were about engagement. So it's the leadership team—the executive team—engaging with their leaders, with their managers, empowering them

and encouraging them to be more innovative and perhaps to take a few more risks. For a very risk-averse body, I think we've got to become much more innovative and we've got to encourage our staff to perhaps take a few more risks.

[68] I've seen fantastic examples of that in the past few months when I've been out and about: the Llynfi project in the Maesteg area, for example. One of our staff said, 'Oh, we're supposed to go out and engage people; we're supposed to be about all the different goals for well-being and environment and regeneration, so let's talk to people and find out what they want and see how we can use the environment to deliver some of those real benefits.' So, some of our people really do get it and they are champions. What we've got to do is ensure that the others learn from those and that we enable those others to come along with us on that journey to be able to deliver more innovative solutions in the public sector, taking others with us. It's not going to be easy because the whole of the public sector needs to come on board with us to deliver these wider objectives for sustainable management. We can't do it all and we won't do it all, but we need a lot of others. So, Emyr's team have got to deliver this and open up that environment within the organisation to be an enabling service.

[69] **Jayne Bryant:** Can I just ask, lastly: the results of the staff survey also indicated that only 26 per cent of staff feel that they are able to access the right learning and development opportunities when they need to, which, again, is a decrease of 15 per cent on the previous year; how do you see that you'll be addressing that?

[70] **Ms McCrea:** Can I just say that we, as a board, approved the people and teams strategy, which is a multilayered approach to how we deal with all these issues across the management team? Developing our staff is one of the key areas of that. We have a new management training programme being implemented this part of the year and a lot of different initiatives. There's a tremendous amount going on behind the scenes, but it takes time to realise that in the workplace.

[71] **Dr Roberts:** Just to add, at the time of the survey, the people and teams strategy had not been launched, so I think that was completely invisible to most staff. As Diane has said, we're now implementing that. We have a number of management programmes ongoing. One's called 'Tyfu' or 'growing people', so we're very confident that that provides the learning environment that they need.

09:45

[72] **Mark Reckless:** Jenny, and then Simon.

[73] **Jenny Rathbone:** Diane, you mentioned that you have different board members liaising with different parts of the organisation. Which bit of the organisation are you linked with? And what is the information that you're getting from that?

[74] **Ms McCrea:** I suppose my passion is to make us a customer-focused and customer-centric organisation. We're a public body paid for by taxpayers' money, so I want us to be highly responsive to what our customers want. So, I'm linked in with our customer focus group, our customer delivery group. The sites I'm linked in with are Cardiff and Newport—our biggest offices, I think—and we sort of have a champion role. My passion is about consumer and customer service—as is my previous background—and stakeholder engagement. So, the things I'm doing are getting out and about, talking to our stakeholders outside the business, engaging with a whole range of people that we have to deal with—tomorrow, I'm at the National Farmers Union conference for Wales—and listening—listening to what people inside the organisation say, and those outside the organisation—and then coming back to Emyr and saying, 'What are we going to do about this? Why does it take so long to do this? Why can't we reply sooner? Why can't we X, Y, Z?' The list goes on.

[75] **Jenny Rathbone:** Okay, so give us one example of something you've changed as a result of listening to your stakeholders.

[76] **Ms McCrea:** I'd like to think we respond sooner and better to questions that come in. They might come in at our board meetings—we have a session at the end of the board meetings where anyone can ask us a question. There was a bit of resistance to that—'apprehension' is the word, not 'resistance'—apprehension as to whether this is appropriate for a body like NRW. My experience is that people who have a genuine concern can come to our meetings, can see the way we operate openly. It's not a way of engaging the public—

[77] **Jenny Rathbone:** So that's something you've implemented.

[78] **Ms McCrea:** I've implemented that.

[79] **Jenny Rathbone:** Okay. That's good. The one thing that gives me most concern is the fact that only two thirds of your staff have confidence in the decisions made by their line managers. That, it seems to me, completely undermines the whole organisation. So, what action are you taking on that? What is your structure of performance management, and how are you actually turning that round as a matter of urgency?

[80] **Ms McCrea:** I think this is the executive functions, really, with line management. But it's very clear that we want to make sure that the management system is clear and that the decision-making process outcomes are clear: that people understand where decisions are made, why they're made and how they're implemented. I think, by this new management training programme, that's the start of it.

[81] **Dr Roberts:** And we are taking the opportunity of the restructuring to look at people's job descriptions, to dialogue with them about what we expect from staff, both in terms of what they deliver, but also their behaviours as well. So, we are reviewing all of that.

[82] **Jenny Rathbone:** But you do realise that if you were in the public sector and you'd had these results, you'd both be dead meat by now.

[83] **Mark Reckless:** The private sector, you mean.

[84] **Jenny Rathbone:** In the private sector.

[85] **Ms McCrea:** We realise that.

[86] **Jenny Rathbone:** So, it just feels like the organisation is drifting, whilst the staff really don't have a clear idea about what is expected of them.

[87] **Ms McCrea:** And that's what we're working on. There's no doubt about it.

[88] **Mark Reckless:** I'm not sure I'd agree with your statement earlier that it was very brave to undertake a staff survey. I'd see that as a normal part of good management.

[89] **Ms McCrea:** At the time, I think it probably was brave. Some of our board members come from the private sector and they were shocked, quite

frankly, that at a time of such significant change, NRW had undertaken such an extensive staff survey and published it in the public domain. I don't think there are many private bodies that would do that.

[90] **Mark Reckless:** But that's what your predecessor said to us last year about the 2015 survey. He said that this had been done and the results reflected were because it was done at a time when the staff were 'most discombobulated'—that was his phrase—and he described it as the absolute definition of the baseline from which we have to work. You again, this year, refer to that baseline, saying it may take some time and we won't necessarily see improvements next year. I think, when you've some numbers such as only 10 per cent feel the organisation as a whole is managed well or 11 per cent have confidence in decisions made by senior managers, which to me is even worse than the 67 per cent about their line manager, I do think that is incredibly low levels of support. I think that the committee as a whole would expect to see significant improvements in those within a year because they're so low.

[91] **Dr Roberts:** I think this just underlines the amount of change that we've had to go through. As an executive team, we took the decision to run a staff survey with our eyes wide open. We really wanted to hear what staff had to say. For the first time, we included comments boxes as well. I personally read all those comments twice. So, I have, as has my executive team, a very clear picture of what staff are saying to us. But, it's true to say that we've had to take some very unpopular decisions. We've had to withdraw lease cars, for instance, off almost a quarter of staff, which was a very unpopular move. We've had to withdraw some allowances, for instance. So, change is painful. We know that. But, I think the messages coming out of those results, as Diane has responded to the others, is that we are actively addressing these issues about engagement, decision making and making that much more transparent to people because, you're quite right, people are saying, 'Well, where have these decisions come from?', and involving people much more in those decisions going forward. That's how we're trying to turn things around.

[92] Linked to the question here on the job evaluation, people are concerned about that. We're at the end of that process, I hope, over the next couple of weeks. I can't overstate how much change has happened but, equally, that we are very much listening to what our people are saying and involving them in the actions going forward.

[93] **Mark Reckless:** Simon, did you have a quick point on this before I move on to corporate and financial performance?

[94] **Simon Thomas:** Yes, just while we're on this, the other aspect of the staff survey that concerned me was that, though about 90 per cent of the staff were interested in the job that they did, less than half the staff understood what the purpose of the organisation was, which is, I think, a fairly fundamental potential misalignment between what people are doing in their daily job and what the organisation is trying to achieve. So, particularly from the board's point of view, what are you doing to address that? Do you have anyone on the board who's particularly charged with looking at the staffing matters? I know you've got a kind of sectoral approach on the board, but I haven't heard anything to suggest that there's any interest in the board about this side of things, and many boards do do that. Would it at all assist your task if the board had a staff representative on it, as other public sector organisations, such as the Wales Audit Office, have?

[95] **Ms McCrea:** If I can answer that, I would say all board members are interested in this and indeed have it as, if not the top priority, then very close to their top priority of the things they want to achieve in the next year. There's no doubt about that. We have a people and teams group, as I've mentioned, which Emyr is leading, but, two of our board members are actively engaged in that. They attend the meetings and they take forward their own personal expertise of working in different sectors and change on that. All of us are out there talking to our people about what's happening within that group and trying to explain the change and trying to deliver on our people and teams strategy, which is to make sure that everyone knows what we're doing and what the organisation is trying to do.

[96] We've had long and hard debates as to why our people don't understand where the organisation is going. Although some of them have been involved in determining that in our earlier phases, it's clear that the message hasn't got through. So, it's about engaging people and communicating, but also ensuring that people understand how their daily job contributes to the bigger picture. We've kept the show on the road, so to speak, whilst all this change has been going on around us, and people have been passionate about doing their daily job. That's one of the things that's most impressed me about our people. Wherever I go, they are passionate about the environment and their part in that. But, looking to the bigger picture, about what this means for the sustainable future of Wales, is the next step, lifting their heads up from the day job to look at the big picture in

the future. That's what we've got to do. That's our job.

[97] **Mark Reckless:** Thank you. We do commend you at least for putting the staff survey into the public domain. I do think that is creditable. Can I move on to Vikki and then David to discuss some of the corporate performance and budgeting more generally?

[98] **Vikki Howells:** Thank you, Chair. I'd like to continue with the theme of looking at the big picture in terms of the work that you're charged with as an organisation, and I'd like to start by asking you about the condition of special areas of conservation in Wales. We know that the 'Environment Strategy for Wales' has set out a target that 95 per cent of those areas should be in a favourable condition, but at the moment only 26 per cent of them are, and that's also well behind the rates in England, Scotland and Northern Ireland as well. I wonder whether you could update us as to why you think we are doing worse than other parts of the UK. What are the challenges that we face here in Wales and do you have a clear improvement plan about where we go from here?

[99] **Dr Roberts:** This is a very challenging area for us and it's not just the role of Natural Resources Wales—all the agencies, government policy, agricultural policy, all contribute to that. I think the results that you've quoted are also present in the state of natural resources report, which we published as well. There are major challenges in terms of the resilience of our environment at the moment. We have to work together with other organisations in addressing those issues, particularly linking together land-use policy, for instance, with environmental policy, and I don't know whether you want to question us on this but, obviously, there is an opportunity going forward, through Brexit, to make that more effective. We need to make sure that the activities on the ground are improving the status. What I can say is that we, as Natural Resources Wales, have an action plan to actually improve the areas that we are responsible for and we're already ahead of target on that. So, we know what we need to do ourselves, but it's a much bigger issue to actually improve the wider environment and to get it to the standard that we would like to see it. I have to say, it was a very ambitious target that was set originally on that and I don't think any part of the UK is meeting that at the moment.

[100] **Vikki Howells:** Could you give us a little further detail then? I understand the difficulties about areas where your remit overlaps with other bodies, but could you give us maybe one example of an improvement plan

you're carrying out in relation to something that is purely within your jurisdiction?

[101] **Dr Roberts:** Okay, well, perhaps just to illustrate it, we have been working on things like sand dunes, for instance, and restoring sand dunes, and also peat areas, which are very important to us in Wales. We've been doing a lot of work already, for instance, in clearing forestry off the sand dunes and also peat areas, but I was really very pleased a few weeks ago to submit a bid to the LIFE European project to take that work further forward. So, there's a £5 million bid for one of the projects, £4 million for the other—the Welsh Government are funding us on that. So, that's an example of how we're already doing some work, but, with additional resources, we can take that much further. That's the kind of activity that we would like to do.

[102] **Ms McCrea:** If I can just come in there, one of the things the board's been interested in—because we're not all people from a conservation, environment background—is finding out more what this means on the ground. So, we've been out and looked at these sites. We've had people from different parts of our organisation explaining the integrated nature of managing the peat on Anglesey, for example, or looking—the other example's gone out of mind, sorry—oh yes, in Mwnt, looking at the arable fields there and the special, really particular, unique environment that there is there for those arable fields. So, we want to understand more about our responsibilities there, but also how we have to work with the wider farming environment, for example, to manage those in a more sustainable way long term.

[103] **Vikki Howells:** Thank you. And finally, if I could just ask you about your next corporate plan. I know that the target date of March 2017 has been moved in agreement with the Welsh Government, for that to be published now in the summer instead, but could you update us as to how you see your plan reflecting the Well-being of Future Generations (Wales) Act 2015 and the Environment (Wales) Act 2016, as well, of course, as the Welsh Government's programme for government?

[104] **Dr Roberts:** Yes. We're very much engaged with the board at the moment in terms of actually defining what our well-being goals for Natural Resources Wales will be.

10:00

[105] We've had several sessions with the board, and, I think later it's this month and into December, we are actually going out externally to engage with our partners, in terms of what they feel that our goals should look like. That work has already started. So, we want to get the principles in place, and then the national policy from the Welsh Government will help us to actually focus on particular areas, I think. What we're looking for from the national policy is to use the evidence base that we've provided, but also give a clear steer to ourselves, but to other organisations as well, as to what our priorities should be, going forward. So, that work is already well in hand.

[106] **Vikki Howells:** Thank you.

[107] **Mark Reckless:** David, can I ask you to come in, or, Simon, did you have a particular point about scallops?

[108] **Simon Thomas:** Yes, that's right, just to ask a question on a specific example of what Vikki Howells has been asking you. On the decision this week to reopen the scallop fishery in Cardigan bay—that's a special area of conservation—can you just say whether you're content with that decision? And, since the decision relies on a licensing system, what licensing system can deliver the objectives of a marine special area of conservation and your obligations under that?

[109] **Dr Roberts:** Certainly we support that decision, in terms of the evidence that we saw and provided into that decision. It is, obviously, a regulated permit arrangement, so any applications will have to take account of the habitats regulations and the impacts, and that would be carefully managed as part of that.

[110] **Simon Thomas:** And do you manage that?

[111] **Dr Roberts:** I don't believe we do, but can I confirm that to the committee? We manage some fisheries, but not—. I don't believe we do, but can we confirm that?

[112] **Simon Thomas:** When you confirm that to the committee, can you also tell the committee—if you can't do it this morning—whether anyone who is fishing, or dredging for scallops I should say, in that area will be geotagged so that we know what areas exactly are being fished? Because it strikes me as impossible to marry the evidence that you've used to support the reopening of the fishery, if we don't have a permit regime that ensures that the

dredging does not happen in areas that are not open to dredging.

[113] **Dr Roberts:** Okay, that's fine. We will try and respond to that. As I say, I think it is a Welsh Government responsibility, but we will clarify that.

[114] **Mark Reckless:** Thank you. David.

[115] **David Melding:** Thank you, Chair. Can I turn to the financial position? In January this year, the then Minister told our previous committee that NRW was under some pressure and was coming close, in terms of its financial provision, to being able to, or not, carry out its core functions, or meet its core duties to put it another way. Do you think your financial settlement is enough for you to meet your core obligations?

[116] **Dr Roberts:** Is this in terms of going forward, now? In terms of going forward, well, certainly, I think, having had a 15 per cent real-terms cut over the last two years, we were very concerned about going forward. So, essentially, on revenue, we've been given a flat cash settlement. That gives us some breathing space to make sure that our services are sufficiently resourced. So, that's been helpful in the short term, although I think we are a bit concerned about some of the comments by the finance Minister, not just for us, but other public sector bodies, saying to use this time wisely because further cuts are probably on their way afterwards. We have to take account of that.

[117] If I could say, what is very difficult to manage is annual budgets. We really need a run of three or more years to be able to actually budget properly. It affects our workforce planning and the kind of services we can offer—we can't just switch things off and on. So, I would urge—. I realise there were special circumstances this year, but ideally we would like a run of figures, and I believe the finance Minister has committed to giving us some indicative figures going forward. That would be very helpful. We can then manage our services on that basis.

[118] **David Melding:** So, presumably, when the auditor general said that NRW needed greater financial certainty from the Welsh Government, there're intimations you may get it but it's not in the bag yet by the sound of it. Is that a fair description about your ability to plan in the future?

[119] **Dr Roberts:** Indeed, yes.

[120] **David Melding:** You don't know you're going to get a three-year budget, do you?

[121] **Dr Roberts:** Indeed. I'm just saying that I think that would really help us, going forward. I should say that, even at flat cash, we have to absorb a number of cost increases internally—national insurance and other costs as well. So, we do have to look at our services, but I think, with the reviews that we've been carrying out, we're in a very good position now to know what our real priorities are, going forward, and the areas that we can cut back a bit on.

[122] **David Melding:** Okay. I think, diplomatically, that is 'you hope it will become clearer'. You are having to exist in an age of austerity, which is very challenging; I think we all realise that in our scrutiny here. But, as well as the flatlining, you do face increasing cost pressures, and I wonder where they are pinching most. What areas would you identify as particularly difficult at the minute in terms of costs rising—and, obviously, demand is not reducing, presumably?

[123] **Dr Roberts:** Cost pressures—we're obviously absorbing things like pension costs and national insurances. I'm not sure if it's increasing, but we are called out to environmental incidents on a very, very regular basis, and there's been very little reduction in the overall amount of incidents that we're called out to, whether they are pollution incidents or waste fires and so on. That demand does not seem to have been reducing, and it skews our business, in effect, that we have to respond to these incidents. Our staff go out, we have to investigate the incidents—in some cases, we bring forward prosecutions, for instance. We would like to get more onto the preventative stuff, but, actually, it's very difficult to do that when you have to turn out for these kinds of issues. So, that is a constant pressure, I think, that we've got within the organisation. As I say, we would very much like to prevent these things happening, but, regrettably, the level continues.

[124] **David Melding:** I note that the non-cash savings that are projected over a 10-year period—you've got about halfway or a little over. So, you've got until 2023 to meet the target of nearly £31 million. Do you think the progress is sufficient so far and do you expect to hit that target? Because you did miss—not by very much—the target of cash-realiseable savings, which are more immediate, I realise, but—.

[125] **Dr Roberts:** Thank you. I'm very confident that we will hit those targets. One of the most successful things that we've had within Natural

Resources Wales is that we have a continuous improvement team. They have been training others in continuous improvement techniques. So, we have been looking at all our processes, our systems, to see whether we can improve productivity and that is really bearing fruit. We will be updating these figures to ensure that we're still on track, but I am confident that those productivity improvements will take place.

[126] **David Melding:** Finally, the Minister expects you to rely more on your own self-generated resources, and you seem to be doing reasonably well, actually, on commercial income generation. I just wonder: what are the chances of building on that success? Because, obviously, that would lead to a level of independence and more robust structures for your finances.

[127] **Dr Roberts:** We are in the process of producing an enterprise plan for Natural Resources Wales. In fact, we'll be presenting it to the next board meeting in Swansea in December. So, we do have some ideas in terms of how we might generate more income, for instance, using our visitor centres, perhaps generating income off that, also encouraging renewable energy on the estate that we manage, bringing in a sort of an income stream there. We are also looking at the discretionary services that we offer as well, so, things like pre-application advice for planning, advice and permitting. Other organisations do charge for that kind of thing, and we are currently consulting on whether we could always do that. At the end of the day, we are a public service, so grant in aid will still be a very large part of what we do, but there are opportunities there to improve self-generated income.

[128] **David Melding:** Thank you.

[129] **Mark Reckless:** Huw Irranca-Davies.

[130] **Huw Irranca-Davies:** Thank you. I am very interested to come in on that point, because it'd be interesting to hear your views on more cost recovery—either partial or full cost recovery—particularly on the issues of enforcement. You mentioned the issue there of preventative upstream measures that would avoid you having to spend a disproportionate amount of your time and your staff's time on enforcement. Well, can I ask you—? One illustration of that that's been put to me by one of the companies who has experienced wood-waste fires recently has been that, look, this isn't all their fault: there is an issue here with policy thinking and strategic thinking around the whole stream of wood-waste management storage, et cetera: massive recycling targets—quite rightly—within Welsh Government, but we have issues. What role do you have in that and why are we failing? Because

it's been put to me that we are clearly failing—the reason we're ending up with these massive storage dumps and so on and you have all these issues of enforcement is because we don't have the strategic thinking.

[131] **Dr Roberts:** I certainly concur that this is a significant issue, and we have been working very closely with Welsh Government in terms of actually strengthening regulations to prevent these kinds of things happening. So, if I can just quote you, in October 2015, the Environmental Permitting (England and Wales) Regulations 2010 were amended to address criminality and non-compliance, so we can suspend permits where operators fail to meet the conditions of an enforcement notice. We can issue notices that include steps an operator must take to prevent the breach of a permit getting worse, take steps to remove a serious pollution whether or not a facility is under permit—

[132] **Huw Irranca-Davies:** That's very good—and you probably anticipated that I might have wanted to introduce this question, so thank you for that response, and I understand from the Cabinet Secretary that there is a review ongoing, which is very welcome—but I was asking about the issue of the supply chain. We have a lot of stuff being processed in waste wood, which is great. We have some of that being imported. We don't have the places to store this stuff. Whose responsibility is that? What role do you have in that?

[133] **Dr Roberts:** Well, essentially, we are the regulator on this—so, issuing the permits. I think what you're pointing to is actually a market failure. The markets for this produce are fragile, if I put it like that. There isn't sufficient incentive in the system to actually make the circular economy work. So, you're dependent on a relatively small number of providers to deal with the waste. As I say, it's a fairly fragile economy. It's actually quite a difficult one to deal with. So, I think the answer is a combination of policy plus enforcement as well.

[134] **Huw Irranca-Davies:** Okay, thanks for that. Let me switch entirely, sorry, to—. You're following an area-statement approach. Why? Why not a catchment approach?

[135] **Dr Roberts:** Oh, okay—

[136] **Huw Irranca-Davies:** Biodiversity ecosystem services don't respect local authority boundaries.

[137] **Dr Roberts:** No, indeed. We had a long debate, actually, before Diane was in the chair, about the way that we should handle this. You're right, there are options here—we could do it on a catchment basis or on administrative area. At the end of the day, we felt that it was more important that the area statements meant things to organisations like local authorities, like health boards, and that's why we've tailored them, essentially, around those kinds of structures. You're right, we will obviously take into account catchments and so on, but, if these area statements are actually going to work, we've got to leverage in all our partners, all the organisations there, and we felt that they would translate better to those organisations if we did it on administrative basis.

[138] **Huw Irranca-Davies:** It's a very practical approach to do it on administrative basis, absolutely, but then how do you deal with the more catchment-wide issues? What have you learned from the pilot projects you've been taking forward on this about how to knit the wider catchment into this?

[139] **Dr Roberts:** Absolutely, and, you know, some of the, I think, successful things we've done are to actually look at catchments in their entirety—so, the land use, the water quality, the flooding issues, and linking those together. So, I can assure you, those will be parts of the area statements, but for actually—. We need to take account of those, so, those will be part of it, but we had to actually organise them into some kind of a pattern, a structure, there. That's how we're going about that. So, in terms of the lessons that we're learning from the area trials, I think one of the main things is the importance of listening to communities and what they really want.

10:15

[140] So, the healthy hillsides project, for instance, in the Rhondda Valley, which we ran, the issue there was about grass fires, and our interest predominantly, I guess, was from a conservation point of view. It was destroying valuable habitats. We really engage—and we work with the fire service on this, but we really engage with the communities on this, who have said, 'No, this is a nuisance. We do not like this at all. It is bad for the community, bad for the image of the community, creates air pollution and so on'. I think we learned from that to engage. You've got to listen to what the community is telling you and work with that. So, that will be an important tenet for us, I think, moving forward into area statements. It's not just what we think or what our other partners think is needed in an area; it's actually that we've got to engage the community as well.

[141] **Ms McCrea:** Can I just add to that? I think you've picked up a really interesting point, because one of the challenges I raised is: why aren't we working on a catchment system? But it illustrates the complexity of what we have to do. We have to deal with both, and we have to integrate them and be responsive. So, we can't just have one system that fits all and have a rigid delivery system. We need to be flexible and engaging and responsive to the changing needs.

[142] **Huw Irranca-Davies:** Okay. So, one simple follow-up question on that. Who knits it all together? Is it you?

[143] **Ms McCrea:** It's us—as the leadership team.

[144] **Huw Irranca-Davies:** So, if this does not hold together on a catchment basis because one local authority has chosen to have slightly different, or one partner has slightly different priorities—it's you.

[145] **Ms McCrea:** Sorry, I thought you meant the management of it. The management of it is us, but we are actively involved in the public services boards and we have a role there. As we're on all of them, we're promoting the same messages across all of them and trying to get the environment and the sustainable management of the environment paramount for all bodies in those groups.

[146] **Dr Roberts:** Yes, we can put out the plan, but in terms of delivery it has to be a range of people, including the private sector, landowners and so on, to actually deliver, and that's what we hope to generate through the area statements.

[147] **Mark Reckless:** Jenny.

[148] **Jenny Rathbone:** Are you having to engage with 22 public services boards? Isn't that a bit ridiculous, given that you can't look at transport?

[149] **Dr Roberts:** Yes, we are. I think it's actually 20, but we are. We are represented on each of those. That is quite a drain on our resources. It's important work. We would, I think, prefer a more regional approach to that, but currently it's at 22—sorry, at 20.

[150] **Jenny Rathbone:** So, whose decision—? I mean, what influence do you

have over reshaping public services boards to be more sustainable?

[151] **Dr Roberts:** I think that's for the Government.

[152] **Jenny Rathbone:** Okay. So, it's entirely down to the Government.

[153] **Ms McCrea:** Yes.

[154] **Jenny Rathbone:** Okay. Do you acknowledge the primary role that you have in ensuring that holistic issues like climate change, which are so fundamental to at least three of the seven well-being objectives—? You know, this is not natural territory to the transport, planning and highways departments. How are you getting those messages across to make sure that they're not making unsustainable decisions?

[155] **Ms McCrea:** This is one of the benefits of being on all 20 or 22 of them: it's that we can promote those messages and ensure that the environment and climate change agenda is addressed within them.

[156] **Jenny Rathbone:** Okay. So, you promote the message. What powers do you have to enforce the message?

[157] **Dr Roberts:** We have no powers to enforce it. Public services boards work by collaboration and consensus on that. What we have been doing is doing presentations to each of the public services boards on the kind of work that we do, what the opportunities are, and I think that they've been very well received by the public services boards. So, we are very pleased to be at the table there, but the actions have to be across organisations, not just ourselves.

[158] **Ms McCrea:** They will be held to account by the future generations commissioner, with whom we work very closely on these issues.

[159] **Jenny Rathbone:** Okay. Thank you.

[160] **Mark Reckless:** Huw.

[161] **Huw Irranca-Davies:** I only had one, and, because I'm conscious of time as well, Chair, perhaps you could write to us. We're well behind the curve on a lot of things on marine issues, including area statements. It would be good to get a really detailed update of where you are on that, but also on

not just marine area statements but marine planning as well. We're constantly being told that we are playing catch-up.

[162] **Dr Roberts:** Can I just briefly respond to that? The marine plan is for Welsh Government and we are feeding into that. The area statements come a bit later in the process, but we are already working on that. So, we're not behind on the area statement element of it, but there is a lot of work to be done on marine.

[163] **Huw Irranca-Davies:** Okay. If you could write to us on that, that would be helpful.

[164] **Mark Reckless:** And I think, particularly if you can update us on your thinking as to how the marine plan then will fit with those area statements. For example, are we going to be cutting up the sea around Wales into lots of different bits, depending on what land it's next to, and putting it in as an area of land and sea together, or is there going to be one, or a small number of, marine-only plans? I think the committee would like to be kept in touch on emerging thinking.

[165] **Dr Roberts:** I can say that that is under active consideration, and we can write to you just to explain where we are on that.

[166] **Mark Reckless:** Brilliant. Thank you very much. Could I thank you both for coming in? It's been quite a challenging session. I think we very much look forward to the continued scrutiny of you and to seeing improvements on some of the challenges that we have identified in the session today, particularly the staff survey. Thank you very much indeed.

[167] **Ms McCrea:** Thank you.

[168] **Dr Roberts:** Thank you.

10:21

**Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd
o'r Cyfarfod ar gyfer Eitem 4
Motion under Standing Order 17.42 to Resolve to Exclude the Public
from Item 4 of the Meeting**

Cynnig:

Motion:

bod y pwyllgor yn penderfynu that the committee resolves to gwahardd y cyhoedd o'r cyfarfod ar exclude the public from item 4 of the gyfer eitem 4 yn unol â Rheol meeting in accordance with Standing Sefydlog 17.42(ix). Order 17.42(ix).

*Cynigiwyd y cynnig.
Motion moved.*

[169] **Mark Reckless:** If I may, I now propose we move into private session under Standing Order 17.42. Does any Member object? We are now in private session.

*Ailymgynullodd y pwyllgor yn gyhoeddus am 10:48.
The committee reconvened in public at 10:48.*

**Cyllideb Ddrafft Llywodraeth Cymru ar gyfer 2017–18: Sesiwn
Dystiolaeth gydag Ysgrifennydd y Cabinet dros yr Amgylchedd a
Materion Gwledig**

**Welsh Government Draft Budget 2017–18: Evidence Session with the
Cabinet Secretary for Environment and Rural Affairs**

[170] **Mark Reckless:** Thank you for coming in, Cabinet Secretary, and being flanked by such an illustrious and high-powered team. I think this is the largest panel we've so far had between us.

[171] **The Cabinet Secretary for Environment and Rural Affairs (Lesley Griffiths):** It's the largest portfolio.

[172] **Mark Reckless:** With the budget numbers, thank you very much for providing the data at the budget expenditure limit level. As far as I'm aware, this hasn't been put into the public domain previously and I think there are some very interesting developments for the committee to scrutinise.

[173] Could I kick off by asking you about the capital budget for the climate change and sustainability area? We heard a lot in advance of the election about the Government spending over £70 million a year on climate change projects, and I note with this budget that there are some very significant reductions now coming through. You say at paragraph 10 of your letter to us that you had to,

[174] 'profile my capital programme in line with my priorities.'

[175] Does this reflect your priorities, singling out those capital change projects particularly for cuts on the capital side, both for you within the directorate and for the Welsh Government as a whole?

[176] **Lesley Griffiths:** I suppose my capital budget is the one that's going to see significant reductions. You'll be aware of the pressures we're under as a Government. The two top priorities for me in relation to capital are flood prevention—you know, coastal protection and flooding risks—and energy efficiency, both of which would obviously have an impact in relation to climate change.

[177] **Mark Reckless:** You say that flood protection is a priority, but we have on the revised baseline for this year capital spending of approximately £30.5 billion. That's going down to £29 billion for next year and £17 billion for the following year. That's a reduction of some 45 per cent or so. Yet, the £13 billion of spending that's being transferred to the local government budget, that's staying the same in real terms. Why are you cutting so deeply, when they're not?

[178] **Lesley Griffiths:** Well, we're investing £55 million this year, which is our largest annual budget in recent years. I think we saw the impact of our investment last winter, if you remember—I mean, I wasn't in this portfolio, but we had severe flooding. We saw it; certainly in England, we saw a lot more flooding than we did in Wales and we think that's because of the significant amount of funding we've put into flooding and coastal protection over the previous years. You'll be aware that we're also planning our coastal risk management programme. That's going to be funded between 2018 and 2022 through local authorities' long-term borrowing initiatives. So, that's going to be a £150 million capital value investment. But, you know, there are very tough decisions to make, and we're having to make those tough decisions.

[179] **Mark Reckless:** But we learnt today that those tough decisions fall very much on your area and, within that, very much on the climate change area. I mean, overall for Welsh Government capital spend, £1,365 million for this year, going down to £1,232 million by the end of the period, 2020–21; that's a reduction of just under 10 per cent. But, your capital budget falls from £91.7 million to £52.9 million, which is a far larger reduction. Is that

something you've supported within the Cabinet?

[180] **Lesley Griffiths:** Well, obviously I'm a member of the Cabinet, I'm a member of the Government, and we have collective responsibility for the budget. I'm fully behind decisions to put more funding into health, and into education, and as I say there are tough decisions to be made.

[181] **Mark Reckless:** But, you and the First Minister and others did say before the election that climate change projects were a particular priority: over £70 million of spending. A lot was made of that. Indeed, there was some quite strong criticism of others who may have suggested that savings could be made in that area, yet what we now see—and this wasn't announced at the budget statement—is that on that total climate change and sustainability area we have £76.6 million this year, it goes down to £62.6 million next year, and there's £49.4 million the following year. That was a reduction in the first year of 18 per cent, and then the next year of 36 per cent. Is that an indication of your and the Welsh Government's priorities?

[182] **Lesley Griffiths:** No, I don't think you can draw that conclusion from it. As I said, we're investing £55 million in flooding this year, which is a priority for me. I have to work out—. My priorities haven't come into the portfolio this year. On the revenue side, I think I've had a largely protected budget, so we need to make sure that we use that to the very best effect. In relation to capital, that is where I have got, obviously, reductions over the four years. You have to bear in mind that our public capital funding has been cut significantly since 2010. We have to look at other ways of boosting our capital spending power and that's why I referred to the coastal risk management scheme that we're going to have with the local authorities.

[183] **Mark Reckless:** The green growth area, announced with great fanfare, that was £13.4 million this year, going down to £7 million next, £5 million the next year, and for 2019–20 it says zero here. Is that actually being abolished entirely?

[184] **Mr Davies:** Just in terms of how that mechanism works, this is a revolving loan capital fund, so we are building up the amount of funding within the green growth pot. So, we should be in a position, going forward, to recycle money from particular projects, once they've been repaid by the recipient public bodies, be they health bodies, education organisations, or local authorities, and to use that on a continual basis going forward. So, whilst the picture is declining, there will be an ongoing pot to make invest-

to-save investments in the public sector going forward.

[185] **Mark Reckless:** Subject to the loans being repaid.

[186] **Mr Davies:** Yes.

[187] **Mark Reckless:** The final area for me within this—if I could just focus a little bit on the energy efficiency, because it's the fuel poverty programme that takes the other really big reduction—£26.5 million this year going down to £19 million next year. About a quarter of that is being taken away. You do say in your letter to us, Cabinet Secretary, as well, that this profile reflects your priorities. You say at paragraph 16 that energy efficiency

[188] 'is the most cost-effective means of meeting our commitments to reduce carbon emissions'

[189] and then you say at paragraph 29,

[190] 'Energy efficiency is the most effective tool that we have within our powers to tackle fuel poverty.'

[191] So why have you singled that area out for a particularly enormous reduction?

[192] **Lesley Griffiths:** Well, I haven't singled it out. As I said, I have had to make some very difficult decisions on the capital side. We are still very much committed to our statutory obligations to eradicate fuel poverty by 2018. We've had some very good energy efficiency programmes. You'll be aware of Arbed and Nest, and we have seen some significant successes in those areas. It's not about singling anything out; it's about prioritising. I am having to make some very difficult decisions, as you've seen, on the capital side, but going forward obviously there's going to be—I'm hoping that the Cabinet Secretary for Finance and Local Government will be able to look at reserves, for instance, after the autumn statement. Believe me, I've been banging on his door already in relation to this. He's very sympathetic to the fact that I have had such reductions in my capital budget, so it's about ensuring that we get the very best for our money.

[193] **Mark Reckless:** So your budget—and the climate change part of it—hasn't been singled out, but has been deprioritised, at least for this year.

[194] **Lesley Griffiths:** As I say, these are just the decisions we've had to take.

[195] **Mark Reckless:** So you'd hope to reverse that in future.

[196] **Lesley Griffiths:** Obviously we will look—. Revenue is a one-year budget, whilst I appreciate capital is a four-year budget, so we can look at that going forward.

[197] **Mr Quinn:** If I could just outline, obviously there's another £50 million in each of those years on the flood budget, which isn't shown here because it's being done through the public sector borrowing initiative. On the fuel poverty programme, that money will be matching European money over this next period because we're expecting to have another period of investment from the European funding. So with each of these we've managed to work very hard to make sure the levels of investment are being sustained over this period, despite the fact that we've had to cope with a reduced capital budget.

[198] **Mark Reckless:** On this issue, I'll go to Jenny.

[199] **Jenny Rathbone:** So are you saying that the £1.4 million that's in there for the energy efficiency programme is supplemented by European funding that's obviously not shown in your budget? Because obviously, my concern is that there seems to be a disconnect between the aspiration of the Government to eradicate fuel poverty by 2018 and the real mountain to climb, which is that 30 per cent of households are living in fuel poverty. There seems to me a complete disconnect with the amount of resources required to tackle this issue and the amount of work that actually needs doing.

[200] **Mr Quinn:** Just to clarify, the £1.4 million is the revenue that's used to support the capital programme, so the capital programme is of the order of £20 million a year.

[201] **Jenny Rathbone:** Okay, so the amount of money from the European programme, which obviously isn't shown in your budget—how much is that?

[202] **Mr Quinn:** That's still under negotiation in terms of that programme with WEFO at the moment. We would expect the match funding percentages being around 60 per cent over the period, so it would double the money.

[203] **Jenny Rathbone:** Okay. But obviously there's an urgency on this that you've got to get approval before the November autumn statement in order to get guaranteed funding.

[204] **Mr Quinn:** Not any more, with the latest—

[205] **Lesley Griffiths:** They've said now they will fund programmes till we exit the EU.

[206] **Jenny Rathbone:** All right. Okay. So do you think that the amount of resources you have allocated is sufficient to tackle the huge problem of 30 per cent of households being in fuel poverty?

[207] **Lesley Griffiths:** As I say, we still want to eradicate fuel poverty by 2018. That's our statutory obligation: to do everything we reasonably can.

[208] **Jenny Rathbone:** But it's not going to be possible to do that if you only have this money.

[209] **Lesley Griffiths:** Well, as I say, we will do our very best with the funding that we have available.

[210] **Jenny Rathbone:** Okay, but this is the conversation you're having with the Minister for finance. Okay. It's something that we might want to pick up on in our recommendations.

11:00

[211] The other issue in relation to our climate change obligations—which, as you point out, are the responsibility of all departments of Government—is that there seems to be some disconnect in terms of the strategy for reducing the emissions from transport. So, £367 million has been allocated for the south-east Wales metro compared with £900 million for building a relief road on the M4. My concern is that the amount of money that's been allocated for the metro is going to be insufficient to lead to the modal shift that we all need to see.

[212] **Lesley Griffiths:** Obviously, this isn't my budget, but my understanding is that the whole of the Welsh Government commitment for the metro is £700 million. I know on my side of the issue that officials—Prys might be able to say a bit more—but I know officials have been in discussions with the

Cabinet Secretary for Economy and Infrastructure's officials around it. Obviously, this is a very long-term programme. The metro needs to be decarbonised, so we don't want them doing something now that they'll have to revisit in 10 or 15 years; they need to make sure that they're getting electricity from low-carbon sources. So, we're having those discussions.

[213] In relation to the budget, as I say, my understanding is that the whole of the budget for the metro is £700 million.

[214] **Jenny Rathbone:** Okay. That's not what was in the papers that were released, but we can pursue that elsewhere.

[215] **Lesley Griffiths:** But that's not, obviously, my budget.

[216] **Jenny Rathbone:** Yes, okay. In terms of the other aspect of reducing climate change, what percentage of energy do you expect to be generating from renewables going forward in this next four and a half years? Because, obviously, that will enable us then to close down the carbon-emitting coal-fired power stations

[217] **Lesley Griffiths:** Prys, do you want to—?

[218] **Mr Davies:** I think it's very difficult for us, given the levers that we have and don't have at our disposal, to give a particular sum in terms of the percentage of renewable generation that we would need to see. One of the things that we will be doing, aligned to the carbon budgeting process, is developing pathways for different sectors, including the energy sector, to identify the kind of change that we need to see sectorally, be that in relation to transport, energy or land use, over the period of time to get to 2050. So, from an energy perspective, that will clearly not only include renewables; it will need to factor in nuclear as well in terms of low-carbon sources of energy generation. We don't consent things like large-scale nuclear power generation, so some of the things are difficult to predict. What I would suggest is that I think our focus needs to be on what change we need to see, not specifically just in terms of renewable energy generation, but the total low-carbon energy generation picture over a period of time. That is something that we're going to be developing as part of the modelling process for the first set of carbon budgets.

[219] **Jenny Rathbone:** Okay, but responsibility for nuclear is not a devolved matter, whereas projects up to 350 MW are going to be a devolved matter.

Does that mean that you envisage being able to stimulate more activity in this field?

[220] **Mr Davies:** What I would clarify is that consenting projects up to 350 MW is a matter for Welsh Ministers, but the subsidy regimes and the support for those projects are not matters for Welsh Ministers—they are still the responsibility of the UK Government. So, the Welsh Ministers can't vary the support for different subsidies for particular types of renewable technologies. That is a matter for the UK Government. However, we can do certain things within our areas of responsibility, such as planning, to ensure that our planning policy aligns with and supports our renewable energy generation and low-carbon energy generation ambitions.

[221] **Jenny Rathbone:** Okay, so what budget do you have to ensure that the planning authorities are aware of the climate change obligations that we all need to meet in this regard? Because that has been one of the biggest barriers—interminable discussions leading to denial of planning permission.

[222] **Mr Davies:** I think the key budget there in terms of planning authorities is the planning budget—so, the revenue budget that the planning department here have to work with and to review our technical advice notes, to review the guidance and to engage with authorities. So, that'll feature down under the particular planning revenue side. It's not a capital budget element; it's more the work that we, in particular, as officials, undertake with planning organisations.

[223] **Jenny Rathbone:** So, what assurance can you give us that you now have sufficient resources to respond to what is likely to be increased activity or demands on your assessment of projects?

[224] **Mr Quinn:** Just in terms of the planning budget, obviously, under the new legislation, a number of decisions will be coming to us now rather than being taken as previously. We are confident that we've got the resources needed and that the inspectorate has the resources needed to cover that.

[225] **Mark Reckless:** Can I just ask the Cabinet Secretary to clarify? Is the position of the department that the Welsh Government has no power to subsidise any renewable energy project? For example, if we were to see a substantive lagoon across Swansea bay, is it not within the powers of the Welsh Government to offer a degree of financial support to that, alongside the UK Government and whatever contract for difference regime may be in

place?

[226] **Mr Davies:** We couldn't offer support in terms of price-guaranteed support in the way that the UK Government does.

[227] **Mark Reckless:** No, but you could subsidise the construction costs or pay for the people to be trained or many other areas.

[228] **Mr Davies:** I think, once you move into those areas, such as skills and training et cetera, there's more scope, but in terms of the key subsidy around the cost of energy for a particular technology, that would be outwith our competence.

[229] **Lesley Griffiths:** I've met with the tidal lagoon company to discuss the skills, but, yes, Prys answered your question.

[230] **Mark Reckless:** So, the contract for difference regime is outside your competence, but there are many other ways of subsidising it—it's quite an innovative scheme. I know, with marine lagoons, for instance, there has been significant discussion about perhaps doing that in other ways, and that has been a live issue, including some comment from a Minister as to potential Welsh Government subsidy for that. Can I go to Huw, please?

[231] **Huw Irranca-Davies:** Cabinet Secretary, understandably, the Chairman has focused on budget line analysis here, and I suspect you're in the invidious position where you're dealing with the cards that have been given to you and you're having to prioritise and so on. But, what I'd like to get clear from you is: if you strip the budget lines out—and we can and we should go through them one by one—are you saying to us that, after your discussions with stakeholders out there, it's tough, and difficult decisions are being made, but we're still going to deliver on leading areas that the Welsh Government has led on, actually, in terms of whether it's climate change or energy efficiency and that we'll do it—we'll have to work smarter, but we'll do it; or are you saying, 'Get ready for retrenchment or even reversal'?

[232] **Lesley Griffiths:** No, I'm saying the former. Certainly, you have discussions with stakeholders—we've been in a very difficult financial position now for several years. I appreciate that this is a new Government and a new term et cetera, but those discussions with stakeholders have been ongoing for many years. To me, and I've said it in previous portfolios, it's not about doing the same things differently; it's about doing different things. I

think we are seeing that right across a variety of sectors now—that they realise that they can't just keep doing the same thing.

[233] So, in relation to renewable energy and community energy projects, we're now seeing a significant number of community energy projects coming forward. I opened Taff Bargoed last week, which is a hydro scheme; I've never seen a hydro scheme before. So, I think it's about making sure that we're working with our stakeholders to get the best value for money, but certainly, no, we're not saying that we are rowing back. And on flooding, I don't think we can row back. It's really important that we carry on. I think we did see, last winter, the significant investment, and we saw the benefits of that significant investment.

[234] **Huw Irranca-Davies:** So, my interpretation would be that you're going to have to rely a lot more on others stepping up to the plate in order to deliver a wide range of objectives, whether it's energy efficiency, climate change adaptation, flood and coastal management—all of that. We're going to have to have a lot more stepping up from others, who, themselves, are also pressurised as well. So, at this stage, with you having the oversight of this myriad of areas, what level of confidence do you have that that stepping up will happen and you'll be able to encourage, cajole, mandate, push and shove so that, if we sit down in 12 months or three years, we'll be able to say, 'God, that was tough, but we managed to do it.'? Are you worried you don't have the levers to do it and others don't have the resources to help you?

[235] **Lesley Griffiths:** I think you're right: we can't do it on our own. We obviously have to work in partnership with lots of different stakeholders and organisations. I know you've had NRW in for evidence this morning and that's a classic example of the work. So, I meet monthly with the chair and chief executive. I don't think it's about cajoling; I think it's about very straight talking about their challenges, our challenges and how we manage those challenges. Obviously, any programme is monitored to within an inch. We have to do that to make sure that we are getting what we want.

[236] In relation to other parts of the portfolio: waste and recycling, for instance—obviously, we monitor local authorities. I'm quite hard. So, for instance, three local authorities haven't reached their recycling targets, I've written to them all and I'm going to meet them all individually. I want to know why. So, I think it is about some very straight talking. Of course, we'd like more funding, that goes without saying, but we have to recognise the

challenges we've got and work within our means.

[237] **Huw Irranca-Davies:** Are you quietly confident that you can deliver some of the ambitious outcomes you have on a range of portfolios?

[238] **Lesley Griffiths:** Absolutely. I've had to reprioritise the budget. Obviously, I came into post in May. You look at the budget and then you have to fit it in with the programme for government commitments, for instance. I have to deliver on those programme for government commitments. We did it in the last term. I have no reason to think we won't do it this term.

[239] **Mark Reckless:** Simon.

[240] **Simon Thomas:** Yes, just on local government, because there is an old Welsh saying, '*Diwedd y gân yw'r geiniog*', which I can't possibly translate, but it just means 'money is everything', basically. I was looking at your programme for government commitments and, for example, in your manifesto—Labour Party manifesto—you talked about maintaining your energy efficiency programme for homes, but that's not in the programme for government. There's no mention of energy efficiency in the programme for government. And then when we look at the budget, as has already been pointed out, in terms of the capital spend, there's a reduction from £27 million to £19 million. That's significant. And given the nature of housing in Wales, given the uncertainty—albeit, hopefully, there'll be Welsh European Funding Office approval at least for a period of time—but given the ongoing uncertainty of where those further resources will come from post withdrawal from the EU, this looks like an underfunding for the very big issue of climate change and fuel poverty in Wales. They go hand in hand. If we can't address our historic poor-quality housing stock, then people in fuel poverty are paying more for their fuel, and they're already paying more because fuel prices will go up this winter with the weak pound, and we're not addressing carbon emissions. So, you say you've made a prioritisation here—have you really made the right choice?

[241] **Lesley Griffiths:** I know it wasn't in the programme for government. Not everything's in the programme for government. I always say that you can't win—there was criticism when we had a 200-page document, or whatever it was last term, and when we have a slim one this time that's criticised also.

[242] **Mark Reckless:** Have a medium one. [*Laughter.*]

[243] **Lesley Griffiths:** Well, yes, okay. Maybe next time. [*Laughter.*] But that doesn't mean it's not a priority. There are other aspects of tackling fuel poverty, apart from energy efficiency programmes—so, the condition of our housing stock. When I was in a previous portfolio—obviously, Carl Sargeant and I have swapped to a certain degree. We're keeping on that. We're having a survey done of our housing stock to make sure that we know the quality of it and what we can do in relation to that. We're continuing to invest in Welsh Government Warm Homes, and, as I say, I'm still absolutely committed to doing all we can to eradicate fuel poverty by 2018.

[244] **Simon Thomas:** It's not in your portfolio now, as I understand it, but—. I don't know where building regulations are—

[245] **Lesley Griffiths:** They're mine.

[246] **Simon Thomas:** Building regulations are—well, there we are. You have the tool to address this going forward, because we haven't moved on enough with building regulations to the very highest quality—code 5 I think it's called, from the top of my head. We don't have that in Wales. If you're not able to invest the capital resources of Welsh Government, then surely you can change the regulations to encourage private sector investment to take us along that journey. So, why isn't that factored in?

[247] **Lesley Griffiths:** Well, we can certainly look at that and those are discussions I know officials are having. But it is very important that we know the condition of our housing stock. I remember, when I was the housing Minister, we didn't have those up-to-date data. So, it's something we started with Carl in this position, and now we're continuing that. We're both funding this very large survey.

[248] **Simon Thomas:** Just on that, I can see you've got £3 million in your—. That's joint funding with the other Minister.

[249] **Lesley Griffiths:** We're joint funding it, myself and—

[250] **Simon Thomas:** Is that 50/50?

[251] **Lesley Griffiths:** I think it's 50/50. I'm looking at somebody—

[252] **Simon Thomas:** Just as a matter of interest.

11:15

[253] **Lesley Griffiths:** I think it is.

[254] **Simon Thomas:** Looking at the other aspect of, you know, things that you said in the programme of government, you talked very clearly about investing in the skills required for the green economy, and green growth and innovation. It looks like green growth is actually being cut in this budget, though the explanation from Mr Davies suggests that it's a kind of investment model. What actual outcomes do you expect that to achieve with this level of upfront capital investment?

[255] **Lesley Griffiths:** On the skills side, do you mean?

[256] **Simon Thomas:** On the skills—on the green growth side. Is it all skills or is it to trigger other capital investment? What's the kind of outcome you're expecting from this?

[257] **Mr Davies:** The key outcomes that we're expecting are, from a carbon perspective, significant carbon emission reductions, and from a financial perspective, savings for public bodies—be they local authorities, higher education, health bodies et cetera—and, thirdly, some either jobs maintained or jobs created as a result of these investments going in.

[258] **Simon Thomas:** So, is this in addition to invest-to-save, or is it completely replacing invest-to-save, or is it a similar scheme?

[259] **Mr Davies:** It's a similar scheme. We run it in conjunction with the finance Minister's officials.

[260] **Lesley Griffiths:** Zero-interest loans.

[261] **Simon Thomas:** And then the other part of the programme for government, which again reflects on where Wales has done relatively well to date, which is waste reduction and recycling. It's more or less a flat line—there's a small reduction, I think, about 6 per cent in waste. Is the reduction enough to take us up, and the allocation that you've made as a result of that, enough to take us to the target that we have, and, particularly, is it enough to bring along some of the more recalcitrant authorities that are not even achieving the average for Wales at the moment?

[262] **Lesley Griffiths:** As I mentioned, there are three that haven't reached the target of 58 per cent this year. Two just missed and one missed by a significant amount. I've been very pleased with the level of waste and recycling targets reached and I'm actually meeting all the cabinet members next Monday in relation to waste to have this discussion.

[263] In answer to your question, yes, I do think it's enough to get to that target of 64 per cent by 2019–20. I think you're right, it's about making that next step up now. I think local authorities—I think it's about working with the public too, because you've got to take the public with you. I did ask that question—did they think they should be doing more work with the public and was it down to budget that they weren't doing more work with the public? Because we know if we could just get that 50 per cent out of the black bin that we're seeing at the moment, we would way reach our target—early. So, it's a discussion that I'm having with them, but I do think that the budget as it stands now is enough to get us to that target.

[264] **Mark Reckless:** Simon, could I just bring in Jayne on the recycling issue before coming back to you?

[265] **Jayne Bryant:** Thank you, Cabinet Secretary. I just wondered how—you've mentioned about the waste budget and we can see that it is facing a significant cut, but how do you think that the impact of that reduction will be monitored and reported over the coming years?

[266] **Lesley Griffiths:** Again, it's very stringently monitored. I think they have to give us data every quarter so we are able to monitor the levels. As I say, we are fourth in Europe—if we were a single member state we'd be fourth in Europe in relation to our recycling targets.

[267] **Jayne Bryant:** I think that's the thing—we need to keep going on these things because we can lead the way, really, throughout Europe, on waste. You mentioned about the penalties, and I think when you came before us last time, you mentioned that there were a few authorities—as you said, three—that failed to meet the target in 2016. Do you see that financial penalties will be the way forward or do you think that there are other ways to make sure that these targets are met?

[268] **Lesley Griffiths:** Yes, I think that financial penalties should certainly be considered. As I've said, I've written to the three—and I know your local

authority is one of them—local authorities asking them to come in, have a meeting. I want to know why they failed. I think, depending on what information they give to me, you decide on the action that goes forward. I certainly haven't ruled our financial penalties.

[269] **Jayne Bryant:** Thank you.

[270] **Mark Reckless:** Simon, did you have a further issue?

[271] **Simon Thomas:** Just a final question from me: can you set out why there's a reduction in revenue particularly on nature conservation and environmental improvement policies? There's a reduction there of some £700,000 going forward. Is that predicated on expectation of resource efficiency or are you simply cutting some projects?

[272] **Lesley Griffiths:** I'll ask Matthew to address that initially.

[273] **Mr Quinn:** There are two budgets that we've got reductions on. One is the natural environment budget, 2825, and the other one is on the local environmental policy side and is the delivery support. And 2192 was previously principally supporting the Cynefin programme, which was a pilot programme that's come to an end. So, we're mainstreaming the results of that and working with the future generations commissioner as part of the involvement strand of work. On the natural environment, that sum of money is used to support the large core funding moneys that we give to non-governmental organisations. The amount of '1,050' reflects the current commitments that we've got in that area, so it won't affect any existing funding.

[274] **Simon Thomas:** But you're aware of the criticism in the state of nature report that we aren't doing enough on nature conservation, biodiversity and protecting our sites of special scientific interest, for example. A lot of them have been quite severely degraded over the last decade or so. Again, it's a question of priorities, but are you making enough of an allocation here to support that work?

[275] **Lesley Griffiths:** There's also the issue around biodiversity duties—

[276] **Mr Quinn:** Yes. There are obviously new duties on authorities under the Act, so it's not all for us to do. The other thing I draw your attention to is the green infrastructure line that is coming in, which will be, among other

things, supporting, which we never had in that sort of form before—to have capital investment in green infrastructure. So, for example, I think Emyr Roberts earlier on mentioned the LIFE funding bids that they put in, where we're going to match the amount of that. So, it's part of the bid that's gone forward: that that money will be matched by the Welsh Government. So, the answer is that we're spending it in different ways, I think.

[277] **Mark Reckless:** David.

[278] **David Melding:** Thank you, Chair. Cabinet Secretary, can I take you back to flooding and coastal protection? I think we all heard—and were relieved to hear, I'm sure—that this is a key priority, and I think your language was that you can't row back. Can I ask a generic question? In the fourth Assembly, in this area, £245 million was invested by the Welsh Government. Given the decisions you are now taking with this draft budget, and future programmes that will come on stream, like the coastal risk management programme, do you think that that order of expenditure of £245 million is going to be maintained in the fifth Assembly?

[279] **Lesley Griffiths:** Well, as I say, we're investing £55 million this year—I'm just doing my maths very quickly—so it would be very similar if we continued to invest that sort of money. We'll never completely stop all flooding, but I think to have your home flooded must be one of the worst things. So, I'm absolutely adamant that we must do all that we can to continue with the flood alleviation schemes that we have, again working very closely with NRW and local authorities in relation to this. We have several schemes coming online in the next year or so. So, St Asaph, Newport and Roath in Cardiff, which were highlighted as priorities as I came into portfolio. You'll be aware of the schemes that we've done. So, this is something I will keep a very close watch on. And, again, with the weather, you just don't know what's around the corner, so I think it's very important that we continue to maintain the investment that we have.

[280] **David Melding:** If I move on to the coastal risk management programme, which will run to the final three years of this Assembly term at £50 million a year, it was previously indicated, I think to either us or the previous committee, I can't remember, that an outside source of funding is likely to be needed there, and the European Investment Bank was mentioned as one such source. How vulnerable is that programme to finding such sources, and may such sources no longer be available to us?

[281] **Lesley Griffiths:** Well, I think I mentioned before: this programme will be funded through the local government borrowing initiative. So, that will use long-term borrowing revenue funding streams over the three years. That starts in 2018–19, as you say, for the three years, then, of this Government—

[282] **David Melding:** But that only removes the question to another level. I mean, would they be looking for sources such as the European Investment Bank? I suppose that's what I'm—. I think your official is shaking his head.

[283] **Mr Quinn:** Local authorities have a range of sources, including their own direct ability to borrow from the local government mechanism.

[284] **Simon Thomas:** And cheaper than the European Investment Bank.

[285] **Mr Quinn:** And cheaper than the European Investment Bank. So, we don't see an issue there.

[286] **David Melding:** Approximately 350,000 properties are at risk in Wales from flooding, and I just wonder do you have any target to reduce that number in the fifth Assembly, because that would be a key way, I would have thought, of prioritising schemes and backing the most efficient?

[287] **Lesley Griffiths:** No, we don't have a specific target.

[288] **Mr Quinn:** No. We're looking at the moment at refreshing the work on the strategy—in particular, a piece of work we've been doing in terms of looking at being more precise about the risk and prioritisation. So, we're working towards having a fully-fledged forward programme that's based on that. So, that's something we hope to develop over the next year.

[289] **Lesley Griffiths:** And I know the schemes were prioritised, and that's what we've focused the funding on.

[290] **David Melding:** I'd like, Chair, with your permission, just to ask a couple of questions beyond flooding now, but I don't know if any other Member wants—

[291] **Mark Reckless:** Yes, please. Jenny, do you have a question on flooding?

[292] **Jenny Rathbone:** Yes.

[293] **Mark Reckless:** Shall we just go to Jenny on that? I'll come back to you.

[294] **Jenny Rathbone:** I wondered if you could just tell us, Cabinet Secretary, about how we maintain an overall approach to mitigation of flooding. Obviously, we've talked about the downstream mitigation around properties that are at risk, but, obviously, there are lots of upstream things that can be done around capturing water, around tree planting. Now that some parts of the money originally in your budget have been reallocated to other departments, how much of an integrated approach are you able to maintain on this?

[295] **Lesley Griffiths:** It is really important that we do maintain that integrated approach, and I suppose part of the discussions that I've been having with my Cabinet Secretary colleagues in relation to the carbon budget reduction incorporates this also. It's not just down, as you say, to me. It's a very cross-Government approach. I don't know if you want to say any more, Matthew.

[296] **Mr Quinn:** Yes. Obviously, I've mentioned the green infrastructure budget already. I think Emyr mentioned earlier the work they were doing on peatland restoration—so, again, these measures that can make the landscape more absorbent. We're certainly, in the flood programme, looking at nature-based solutions, where that's appropriate, in terms of delivery and success with that, and we're also working with people like Dŵr Cymru—the very interesting work that they're doing on taking water out of the landscape, RainScape and the rest—and sustainable urban drainage, which is another thing we're looking to push forward over the next period.

[297] **Jenny Rathbone:** But, having lost £13 million, it being transferred to other departments, which you mentioned, I just wondered how you manage to ensure that there is this integrated approach. If money's been transferred to local government—

[298] **Mr Quinn:** That's a technical adjustment. All the local government notional borrowing sums that were in the individual departments' lines up to this year have now been moved into the local government block.

[299] **Jenny Rathbone:** Okay. So, there's no loss of strategic—

[300] **Mr Quinn:** There's no loss.

[301] **Jenny Rathbone:** No loss. Okay. Thank you.

[302] **Mark Reckless:** David.

[303] **David Melding:** I just want to ask you some general questions now about your department and financial management and future planning. I would like to ask if extra resource has been identified or reallocated to start to work on the likely consequences of Brexit in terms of policy development, because two of the giants of European policy come into your portfolio, and, if they're repatriated—environment and rural affairs; CAP in particular. You know, they're complicated areas, and you're going to need quite a team, I would have thought.

[304] **Lesley Griffiths:** Where do we start?

[305] **David Melding:** That's no reflection on the current team, I'm sure.

[306] **Lesley Griffiths:** No, not at all.

[307] **David Melding:** It's to strengthen the department.

[308] **Lesley Griffiths:** I think, when I came for general scrutiny, I said that we've been doing an incredible amount of work over the summer. Officials have worked incredibly hard. We had stakeholder meetings straight away. I think July 4 was the first one. We've just had a third one a week last Friday. And, from the stakeholder events, it was decided to have workshops over the summer with different sectors within the portfolio. Obviously, funding is—. If you look at my whole portfolio, it's absolutely bathed in EU legislation, policies and funding, and you're absolutely right—we've identified 5,000 pieces of legislation just in agriculture and fisheries, so you can imagine, when they're repatriated—. It's too early to start talking about budgets. We know we've got funding—for instance, you mentioned CAP—until we exit the EU, so up to 2020, really. After that, who knows? We don't know where that funding's going to come from.

11:30

[309] **David Melding:** I think I'm more interested in the institutional capacity to cope with the choices that might be made, because we don't know. I think it was the First Minister yesterday who talked in terms of environmental policy and direct farming support. There may be a UK framework with a lot of

adaptation, which is a similar model to the one we have now, but something that is slightly different may be developed that would pass a lot more responsibility to the devolved Governments for policy development, and I just wonder if you are preparing the various plans so that, if a choice that is driven more by the Scottish Government is followed, we're not left flat footed.

[310] **Lesley Griffiths:** We're doing a huge work amount of work around this. If I can start by saying about capacity—. So, within the department, straight away, we brought together a specific Brexit team of policy officials, who are—and I'll bring Andrew in after—on official to official level, doing significant work. I've met with George Eustice twice, next week I've got all the agri Ministers coming here to Cardiff, we're having a meeting next week, although I think the Permanent Secretary is representing Northern Ireland—

[311] **Mr Slade:** A senior official, certainly.

[312] **Lesley Griffiths:** Sorry, a senior official is representing Michelle McIlveen. That's to continue those discussions, because I think it is really important. I've just been out to Luxembourg and Brussels in the last month where these sorts of discussions are taking place. I think you're right, it was in First Minister's questions yesterday that First Minister talked about specific agricultural policies, and we've made it very clear—you know, agriculture and fisheries have been wholly devolved to this place since 1999 and we don't want to see any clawing back at the other end of the M4, and, again, made that very clear to George Eustice. That's not to say there might not be a UK framework, and then the agricultural policies will sit underneath. That's a possibility. So, these discussions are taking place but they're very early, but, certainly, we will not be—. In fact I think we've actually done more in Wales than any other of the devolved administrations. Certainly my discussions with the other Ministers leads me to believe that. I don't know if Andrew wants to say anything further.

[313] **Mr Slade:** I think one of the interesting things for the Cabinet Secretary's portfolio is that, as you put it, just about everything is covered in relation to European interest, whether it's in relation to the regulatory framework or investments. So, in a sense, when we think about the future of policy or delivery options for Wales, all of those things come together, because we're going to have to frame everything in the context of Brexit. So, as far as possible, we're aligning work that we would have been doing anyway now, around the challenges associated with Brexit. We have a small

central team that is managing and co-ordinating the work, which, in turn, is feeding into a small co-ordinating team at Welsh Government level across the whole of the organisation, but a lot will depend on forthcoming discussions with the UK Government about who does what. If, for example, we end up having to do all of the legislative analysis ourselves across the 5,000 bits of legislation, that is a massive workload and we are going to need either vast numbers of our current lawyers just to work on that and nothing else, or we're going to need to get support supplemented. That seems to me to be a slightly daft way to go about it when we should be using the collective UK resource on legislation. There will always be policy differences that apply, but, in terms of what do we need to make sure is covered off in a post-Brexit scenario, we ought to be able to have those kind of analytical discussions together, and do that work in a more collaborative way.

[314] **David Melding:** Okay, thank you for that; that's helpful. Cabinet Secretary, you're having to put together a large budget over a very diverse field, really, and at a time of economic uncertainty and austerity—I mean, if you were here 10 or 12 years ago it would have been easier, presumably, in those years of plenty. So, I was very interested that you've been using what you call a robust monitoring and evaluation system, and I wondered could you give us some more details about how that's identified, or helped you to maintain, the priorities in the areas that work particularly well and then, presumably, cut back on those that are not performing.

[315] **Lesley Griffiths:** Yes, I mentioned before that all of my grants and programmes, they have significant levels of monitoring, of evaluation, embedded within the terms and conditions obviously of the funding awards. I think, with historic budget reductions—and then you've got your new Government priorities—it's really vital that you have that information and you ensure your programmes are offering value for money, so that sort of ongoing—

[316] We've now got the Well-being of Future Generations (Wales) Act 2105, which means, of course, we need to ensure we monitor and evaluate policies so that we implement those that have the greatest long-term impacts. That fits into, obviously, the goals of the Well-being of Future Generations (Wales) Act. So, we need to scrutinise costs, we need to ensure value for money and we need to identify savings wherever possible. And that's right across my portfolio.

[317] **David Melding:** And has this rigour led to any surprises that have come across your desk, and you've thought, 'Oh gosh, I'd have thought—'? How visibly is it shaping some of the choices?

[318] **Lesley Griffiths:** There were a couple of areas—and I think you get this when you go into a new portfolio, where you think an area needs perhaps additional funding. I'll give you an example, and it's the first time it's had an increase, I think, for many years, and that's the fisheries department, marine and fisheries. So, when I first came into portfolio, and you're looking at coming into the draft budget, that was an area—I wouldn't say it was a surprise, but I just felt—. Obviously, for the first time, we're going to have a national marine plan—you know, policy. I thought it was really important to ensure more funding went in there to support that. I wouldn't say it was a surprise.

[319] **David Melding:** Okay. I suppose one way you can test quality and rigour also is by using strategic impact assessments and the integrated impact assessments when you're making your budget decisions. But I have to say the documentation seems very generic, if not sparse, with no real references to the key groups under those assessments—those who are economically deprived, equality, the Welsh language, sustainable development, children's rights and poverty reduction. Why has there been such a—well, let me say, cursory and generic approach, rather than using those tools analytically and in depth, as I guess they were designed to be used?

[320] **Lesley Griffiths:** Well, those considerations are given, I think, long before we have the resource allocations. I think that's just part of the integrated approach that we have. It's what we always do. To me, that's—.

[321] **David Melding:** Well, I'm not quite sure that's how they were publicised and welcomed when they were brought in as tools. They are supposed to be key things under the new legislation, aren't they?

[322] **Lesley Griffiths:** Yes, and I think that's done way before, as I say, the resource allocations are done. Certainly, tackling poverty—a Minister has to think about tackling poverty every day, in every decision that you take.

[323] **David Melding:** Perhaps each official could give us an example of how these assessments have been used in key areas.

[324] **Lesley Griffiths:** Okay. Shall I start with Andrew?

[325] **Mr Slade:** So, we do a lot of monitoring and evaluation work, among other things, in relation to our land-based schemes. So, to go back to your point from a moment ago, the Glastir monitoring and evaluation programme is one of the best in Europe. We were out in Paris recently at a conference of member states giving evidence on that, and it's got international recognition now as a means of assessing what we're doing. That has informed the way that we target the Glastir programme, where we put effort and where we think we're going to get most bang for our buck. Indeed, we're going to build on that model now with Natural Resources Wales and with a number of other partners in order to do something that's more holistic across management of all of our natural resources in Wales. So, that's one example.

[326] **David Melding:** But that sounds wholly generic. I mean, laudable, I hope, but it's not drilling down to—

[327] **Mr Slade:** In what sense 'generic'? I mean, this is about how we manage our natural resources and put effort into—

[328] **David Melding:** Well, describe it in terms of the key groups that appear under these assessments.

[329] **Mr Slade:** Okay, so then we get on to particular assessments against things like rights of the child or Welsh language and so on, and, again, informing the rural development programme, we've gone to great lengths in each of those areas to assess the investments that we're going to make and how the shape of the programme will impact against each of those areas. That indeed formed part of the case we made to the European Commission to get the programme approved in the first place. We go through a process of monitoring during the life of the programme, and then there's an ex post evaluation when we go back and say, 'Did you do what you said you were going to do at the beginning?'

[330] **David Melding:** I wonder, Chair, if we could get some of the documentation, because that would be very helpful. Because, if that is done, then it is the case that the information as presented to us has not been full, but I'd be relieved if the sort of detail that Mr Slade is explaining is actually there. But these are obviously key strategic tools in terms of developing future budget priorities.

[331] **Mark Reckless:** Are you proposing to ask for a similar level of detail from each official?

[332] **David Melding:** Yes, it would be great if we could have one in detail so that each of the key groups is mentioned and the analysis that was made then described. I think that would be very, very helpful.

[333] **Mark Reckless:** And you have to have that in writing, rather than hearing it now.

[334] **David Melding:** Unless they're bursting to tell us now.

[335] **Mark Reckless:** Any official who has a particular bursting desire also to give us an example, please do.

[336] **Dr Glossop:** I'm bursting to tell you about how we take account of the rights of the child in the work that we do. For the animal health and welfare framework, which we published two years ago, we actually went out to consultation on several levels. So, we published a children's version of that consultation. We went out and engaged with children and young people, bearing in mind that they are future farmers, they're future owners of animals. And I think, even in the average household, there are also people who really take care of the animals, they notice what's happening, and so we consulted with them, we got their feedback, and they helped us identify the key priorities that we should be aiming at within our framework. So, I'd commend that to you, and I'd be really happy to provide you with just that example of that children's consultation, which I think you'll find is absolutely inspiring.

[337] **David Melding:** I think what would be particularly helpful is if, for each of the key groups, you each give an example from one of the key groups and how that's been used to shape or change a decision. I think that would be very helpful.

[338] **Mark Reckless:** Good. We're happy to have one response, if we have an example from each area, and certainly I'd very much like to see that children's consultation you mentioned. I may share it with my four-year-old and three-year-old and see what they make of it.

[339] **Dr Glossop:** Indeed.

[340] **David Melding:** Thank you, Chair.

[341] **Mark Reckless:** Could I, perhaps, go to Vikki, who I think is going to come in on marine issues in particular?

[342] **Vikki Howells:** Thank you, Chair. Thank you, Cabinet Secretary. You made reference earlier on to the marine plan, and it's really the marine aspect of your portfolio I'd like to focus on with my lines of questioning. Firstly, with regard to the marine plan, we know that this has been five years in the making, now, and from our consultation with stakeholders as a committee, we know just how important it is to get the plan up and running by the summer of 2017, with no additional hold-ups. It's absolutely crucial in order for us to meet those well-being goals and resilient seas is a massive part of that. So, I wonder if I could ask you firstly for some clarification about the total amount of funding that will be available to actually implement the marine plan, and secondly whether you would see that sum as being sufficient to enable progress by the target time of summer 2017.

[343] **Lesley Griffiths:** Well, I am very committed to doing it by next summer. I know, when I came before committee last time, I said that and I've certainly said it in the Chamber. In answer to the question from David Melding, that was one area that I saw would need additional resources. So, in answer to your question, yes, I do think there is enough funding now to ensure that we deliver that by next summer. I want to go out to consultation early in 2017 to make sure that we do that. I think you're right—we need to have that planned approach to managing our seas. I think that's really important. This will be the first national marine plan. I think it's very important, whilst I appreciate there's been a bit of a delay, it's a new approach and I think we need it. I've started working with stakeholders—I've been having discussions with stakeholders around that. So, implementation costs will be met from existing budgets, but, as I mentioned to David Melding, it's the first time this department has had an increase in its budget for many years, and the reason was because I wanted to ensure that we do deliver that next year.

[344] **Vikki Howells:** That's very reassuring news. With regard to the marine transition programme, which the Government has set up to co-ordinate action on the delivery of the marine obligations, I note that, in your paper to us, you state that Brexit presents

[345] 'a challenge to the delivery of the original programme objectives which will now require re-scoping for the timeline to 2020.'

[346] Could you clarify for us the total amount of funding that will be available to support the marine transition programme, and also maybe explain the resource implications of the re-scoping there?

[347] **Lesley Griffiths:** I think it's probably a bit early to speculate on any changes later, for the reasons that we've mentioned before, but the programme will have to adapt to what comes out post Brexit, and we'll have to do that. The marine transition programme comprises a number of key priority projects to help facilitate the effective implementation of those priority policy areas. That programme runs to 2020 and, as I say, I think there is sufficient funding to make sure that we do all that by 2020.

11:45

[348] **Vikki Howells:** Also, when we engage with our stakeholders, we've actually been out on the seas and been told about the difficulties in actually mapping the areas that need most attention because of the difficulties in actually getting down there and seeing them—it's so different to the land. We know also that the seas are a very dynamic environment and ever changing. So, if there were further marine conservation zones or special protection areas or special areas of conservation added in the future, newly designated in Wales, how would this be funded?

[349] **Lesley Griffiths:** From existing budgets. That mapping work is nearly complete now, but, yes, we would have to fund it from existing budgets.

[350] **Vikki Howells:** Okay. And finally, then, with regard to the ongoing cost of delivering the marine policy, how will that be monitored to ensure that the funding is able to be effectively implemented?

[351] **Lesley Griffiths:** It's not just a matter for Welsh Government; many organisations have a key role in ensuring we deliver that. Again, the marine plan has to be monitored to make sure that it is being delivered so that, as we go along and assess the progress, we can learn what's happening, and then, if we need to respond further, we could do so appropriately.

[352] **Vikki Howells:** Thank you.

[353] **Mark Reckless:** Does any Member want to come in on marine issues? Simon.

[354] **Simon Thomas:** Just on that, Cabinet Secretary, you've mentioned a couple of times now the increase of resources in this field. If I've read the budget correctly, it looks like the baseline allocation, in fact, is a flatline allocation, but you've allocated extra in this year from reserves. Clearly, it's a one-year budget, but, when you allocate from reserves, that looks like a one-off as well. So, the first question: are you looking to maintain extra resource in this field to support the work that Vikki Howells mentioned ongoing? I know the budget can't do that—it's only one year—but how are you going to maintain that ongoing? That's the first question.

[355] **Lesley Griffiths:** As I say, there were two reasons why I wanted to put extra funding into—well, there are probably three reasons. One was because I did think it hadn't had an increase for many years. The second was around the marine policy and the third was around new vessels. So, we've put some money aside because we're going through procurement for three new vessels—

[356] **Simon Thomas:** It's quite significant; that's the £4.5 million, presumably.

[357] **Lesley Griffiths:** Yes, because I felt that it was really important that we—. I don't know if any of you have been out on the enforcement vessel, but, if you have, I think you will see—

[358] **Simon Thomas:** Is that an invitation?

[359] **Lesley Griffiths:** Yes. Well, I'm not sure if it's for me to invite you, but I'm sure they would—. [*Laughter.*]

[360] **Mr Slade:** Yes, if you'd like to.

[361] **Lesley Griffiths:** I think, actually, yes—I found it fascinating. So, I'm sure I speak on behalf of the enforcement office in saying that they would be delighted to welcome you on their—

[362] **Simon Thomas:** I'm not sure, after the committee's experience on a little boat out of New Quay, whether that will be taken up, but there we are. [*Laughter.*]

[363] **Lesley Griffiths:** Okay, if you want to I'm sure they would be very

happy to do so. But, if you saw them I think you would appreciate that they need some new vessels. So, we're going to have three new vessels because, at the moment, I don't know if you know, there are RIBs. So, we're going to have one specific RIB with a cabin on so that people can go directly on that, because it must be freezing out there on those RIBs. And we're going to have another enforcement vessel and one catamaran.

[364] **Mr Slade:** One larger, quicker vessel, plus a catamaran, which will be able to do inshore work—

[365] **Lesley Griffiths:** And the RIB.

[366] **Mr Slade:**—including landing on mussel beds, and so on, to do enforcement of that sort.

[367] **Simon Thomas:** This takes me on to my second set of questions, which was around enforcement, because you've made a decision this week, for example, on scallop dredging, which many of us find curious. But I'm particularly concerned about enforcement, because you're relying on a permitting system to protect the marine environment, in effect, so you must now be able to deliver thorough enforcement. So, just for clarity, enforcement in the marine areas of special conservation is down to Welsh Government, yes? You'll be taking that on board.

[368] **Lesley Griffiths:** Absolutely. The reason that I made the decision on the extension of the scallop fishing—it was done on an evidence base, like I make probably the majority of my decisions, if not all. This area had had significant research done into it—it was a two-year programme by Bangor University. There were two independent peer reviews. So, I know there was a lot of thought and a large public consultation, and, as in any of these consultations, you get polarised views. It's very obvious that people care deeply about this issue. You're right—it is down to Welsh Government to monitor and to give the regulatory permits. I've said that I want to see if there's suddenly an increase in the number of requests for licences. So, I do want to assure committee and Members that it will be monitored very, very closely.

[369] **Simon Thomas:** So, will the new vessels be in place before the permitting system starts for the scallop dredging?

[370] **Lesley Griffiths:** Probably not.

[371] **Mr Slade:** No, but then we would not expect or need to use particular new vessels for that work. But, in due course, that will undoubtedly increase our capability. But, in the first instance, it's working out what the permit conditions are and who's entitled to have those permits and the expert committee will get going on that very shortly. We do track our inshore vessels. So, we know where they are and people are very quick to spot when others, who shouldn't be there, turn up.

[372] **Lesley Griffiths:** Again, that would probably be another good visit for the committee—to go to Milford Haven and see how we do track vessels.

[373] **Simon Thomas:** That's what I was going to ask. Is the tracking of the individual fishing vessels or the tracking of the monitoring? I wasn't quite sure.

[374] **Mr Slade:** If you're inshore fishing, we have a system that obliges you to have a tracking device.

[375] **Lesley Griffiths:** I think it would be, Chair, very beneficial.

[376] **Simon Thomas:** And then my final question on that, which comes back to what was said earlier: this is an in-year allocation from reserves. Obviously, by the sound of what you said, a lot of it is there for purchase of new equipment, which is fine and, I'm sure, will be welcomed. But, going forward, are you able to assure the committee that you have the resources to monitor and police not just the scallop beds, but the wider sustainable fisheries, particularly concerning Cardigan bay, obviously, but throughout the Welsh inshore fisheries?

[377] **Lesley Griffiths:** Yes, but again, it's something I'm very happy to look at. As you say, it's only a one-year budget. To me, that was something that was very stark and I thought needed addressing this year. But, certainly, we can have a look at it next year. We're going to bring forward the policy next summer. That will need to be implemented. We need to look at the funding that goes along with it.

[378] **Mr Slade:** The other thing, if I may just add to that, to pick up on the Minister's point about Brexit, is that we will need to understand what the regimen post common fisheries policy looks like and how that is managed to best effect. That will include a whole range of things around quotas and who

gets rights to fish where and so on. That will be an intimate part of it.

[379] **Simon Thomas:** You'll certainly need extra resources to deal with that.

[380] **Lesley Griffiths:** I'm sure we will.

[381] **Mark Reckless:** I know, Jayne, you wanted to come in on animal welfare, but if I might, I might go to Huw first on the Well-being of Future Generations (Wales) Act 2015. Jenny, what were you keen to ask about?

[382] **Jenny Rathbone:** I wanted to go back to agriculture post Brexit.

[383] **Mark Reckless:** Could I ask you to make that point quickly and then we'll move on to Huw and then Jayne for animal welfare issues?

[384] **Jenny Rathbone:** Okay. Just going back to life post Brexit, obviously we don't know the terms on which we're going to be leaving, but just in the context of many of our farm businesses being monocultures, what part of your budget are you able to use for supporting farmers to diversify their business so that they are less vulnerable to whatever Brexit dishes up for us because so much of meat and dairy is exported? Are there going to be tariffs? And b) is there going to be a flood of cheap imports from other parts of the world that could seriously impact on our business? And in contrast, what work is being done to support the diversification around products that we currently import? We only grow 3 per cent of our fruit and vegetables at the moment, and they're clearly going to go up in price because of the reduction in the pound. Therefore, what can we do to encourage our farming businesses to use new technologies to grow some of the food that people need locally?

[385] **Lesley Griffiths:** There are several points in those questions. To start with diversification, over the summer I had a programme of visits to a variety of farms and it was very pleasing to see how much diversification was taking place. So, there was the farm with the single wind turbine on it. So, clearly that is excellent, and I was told that significant funding was coming in due to that. There was the farm I went to with a very large number of holiday cottages to let. So, I think that diversification is taking place. We support it through the rural development plan and we will continue to do that.

[386] I'm also having discussions with the Cabinet Secretary for Finance and Local Government and the First Minister at the moment about the small grant

scheme that we're going to bring forward, which again was a commitment for the Government. I think, again, we're going to run that programme alongside the RDP and it could be used for encouraging farmers to diversify.

[387] Tariffs and the possibility of having tariffs, I have to say, is the one subject that comes up on a daily basis when you're talking to the farming, fisheries and food and drink sectors. That is something that concerns everybody. You will have heard the First Minister say, following the joint ministerial committee meeting last week, that he didn't feel very reassured that the Prime Minister was going to ensure that we don't have tariffs, but it is the one thing they continually say to me, 'We cannot have tariffs.' Well, you know, that message has gone very clearly from the First Minister to the Prime Minister.

[388] I think an area where we can have a significant impact in relation to this is the food and drink sector. I'm going from here to speak at a food and drink conference. Yesterday, we were celebrating the Great Taste Wales awards. For the food and drink sector, we had, I thought, an incredibly ambitious target to grow it by 30 per cent by 2020. We're well on the way. We've grown it by 17 per cent since that time—I think it was 2014 and we're now in 2016 and we've grown it by 17 per cent. I was out in SIAL in Paris a couple of weeks ago—a massive trade event for food and drink—and it's very clear that Welsh food and drink has a very good reputation for its quality and I think it's really important that we use that to go forward.

[389] **Jenny Rathbone:** So, what about diversifying to grow more of the food that we currently import?

[390] **Lesley Griffiths:** Again, that's something that we can look at and we can encourage. I think it is taking place at the moment, but I would like to use the small grants scheme that we're bringing forward to help farmers. I think they're up for that challenge. I have to say, I mentioned stakeholder events, we've had workshops, and at the Welsh dairy show last week I talked to the agriculture sector a great deal and they're certainly up for that challenge.

[391] **Mark Reckless:** I'll go to Huw and then Jayne.

[392] **Huw Irranca-Davies:** Thank you, Chair. Your department, in quite a singular way, is overwhelmed by the groundbreaking legislation that happened in the fourth period of the Assembly. Now it's a question of

putting that into practice. So, in this budget-setting process that you've just been through, could you, for example, give me some tangible ways in which the Well-being of Future Generations (Wales) Act 2015 has shaped your decisions and your priorities, so that intergenerational and intragenerational sustainability, how has it changed the decisions that you've made in this budget?

[393] **Lesley Griffiths:** It's absolutely shaped my budget—and it won't be just my budget—the preparations and the decisions. So, you've got the seven well-being goals, you've got the five ways of working—they're absolutely influential, as I say, in preparing the budget—based on a clear analysis of the long-term factors that are shaping the demand for public services, with very much a focus on the preventative side to funding public service provision. So, I think, in setting—

[394] **Huw Irranca-Davies:** That's helpful as an overview, but I wonder whether you, or your team that you've got here, could give some tangible examples? Because the theme of the evidence we've been given today is the way this draws on others to contribute to it—other departments, other bodies out there, local authorities, this, that, and the other. Can you give some tangible examples of the way the priorities in this budget have been set in line with that issue of genuine sustainability? What's changed because of the well-being of future generations Act in terms of this budget?

[395] **Lesley Griffiths:** In this budget preparation. Prys?

[396] **Mr Davies:** I'm happy to refer to the green growth investments that we're making, which we'd been developing as the legislation was being developed. This is a way of thinking long term about how we can make public services in Wales more efficient, thereby ensuring that they make financial savings, but also that we aim to secure carbon emission reductions, which we need to do, and are now duty bound by legislation to do, under the Environment (Wales) Act 2016. So, we're getting really important long-term benefits for our investment, but we're also structuring those investments as a loan mechanism to ensure that, in the context of public service funding now, we're able to continually invest and support public services across Wales over the long term. So, this is an approach that's relatively new.

12:00

[397] We had been making invest-to-save, but the focus and emphasis that

we've been putting on this particular area has much increased over the past few years, arguably in light of that piece of legislation that we've been developing. And we're working very closely with a whole range of public service bodies in doing that.

[398] **Mr Quinn:** If you want me to add a couple, I'll refer—. We've already mentioned the coastal risk programme. That was specifically set up to achieve multiple benefits. We have other departments represented, as well as local government, on that board and a number of the projects, building on the success we had with the Colwyn Bay scheme, where we worked very closely to make it a transformational scheme for that area, not just a flood scheme. I would point also to the way we're now funding local authorities with a single grant, where we have a discussion with them about what they can achieve with that grant against the well-being goals and against the priorities of the department. So, we're structuring this in a way that we are making sure that we're getting those multiple benefits and applying the ways of working in the way we manage the budgets.

[399] **Huw Irranca-Davies:** That's helpful, because they're tangible ways in which this has helped shape this budget. You must have discussed this with the public bodies that fall under your remit and others. What's the feedback that you've had from them on their involvement in delivering some of these biodiversity duties? Sustainable urban drainage: is everybody saying, 'Well, this is all great, there's no problem', or are they saying, 'Well, there's resource implications with this'?

[400] **Lesley Griffiths:** The only organisation I can think of that I've discussed it with directly is NRW and they didn't imply there were any budget implications.

[401] **Mr Davies:** To give an example about the implications on local authorities— again thinking about the work that we're doing around green growth—alongside the capital investments that we're making, we are making revenue investments as well, through the support of expert services to go into local authorities to help them to identify particular projects that may have been sitting there in a drawer gathering dust. We now need to get these things up and running and get traction, so we're providing support to public services to bring these projects forward so that we can invest in them.

[402] **Huw Irranca-Davies:** Look, it all sounds very positive and the thrust of the Welsh Government's direction in this of working collaboratively across

public bodies, local authorities and others to deliver these outcomes is the right one, and so on. But, are you getting pushed back? Where are you getting pushed back? I can't believe you aren't getting pushed back from people who are saying, 'Look, this is going to hurt', or, 'This is going to be difficult.' Flag up with us, where are you getting the most pushback? Is it on flood alleviation? Is it on delivering waste management strategies? In which areas are you getting pushed back and told, 'We're a little bit worried that we can't deliver this'?

[403] **Lesley Griffiths:** Certainly not on waste management.

[404] **Mark Reckless:** May an absence of pushback reflect an absence of activity? Are public bodies really responding to the Act as they should?

[405] **Lesley Griffiths:** Well, we're monitoring, so if they're not, we will be able to identify that. I can't think of anything—.

[406] **Mr Quinn:** I wouldn't cite anything in particular. I think that part of it is seeing the opportunities within the Act. So, I think the first year that we ran the single grant for local authorities, there was a real unease about not being told specifically what to do, because traditionally we'd run a whole series of little grants that had little boxes that said, 'Work in this way.' I think now that we're in that process, that willingness to look, and of course they, at the same time, are working in the public services boards on their well-being plans—working towards the well-being plans—so, they themselves are gathering data about these issues and how they fit together. So, looking at the way the Act as a whole is coming together, I'm really quite confident.

[407] **Huw Irranca-Davies:** Thank you.

[408] **Mark Reckless:** We'll go to Jayne.

[409] **Jayne Bryant:** Thank you, Chair. I'm particularly enthused by the work done with young people on animal health and well-being that Christianne mentioned and I'm looking forward to hearing more about that when you present these later. But, there are plenty of potential developments within the animal health and welfare framework. With a budget of £0.55 million, how will you prioritise the key delivery milestones? I'm thinking particularly about a workable system of closed-circuit television in slaughterhouses, the responsible ownership of animals and the issue of mobile animal exhibits. Do you think there'll be sufficient resources for these?

[410] **Lesley Griffiths:** Okay. Again, there were several questions there. Let's start with CCTV. I have to say that the majority of slaughterhouses do have CCTV in place at the moment. Somewhere, I've got a figure. I think that about 96.6 per cent of poultry are killed in an abattoir that has CCTV, and I think it's just under 90 per cent of red meat. So, again, potential costs would depend on the layout of the abattoir and the size of the abattoir. Again, we would have to see what those costs were, but I would have to manage them from existing budgets.

[411] You mentioned mobile animal exhibits. You might be aware that, at the moment, I'm sort of considering options for that. I'm not sure when those options are going to come to me—hopefully by the end of this year, I think. Perhaps Christianne will get a commitment for the end of the year. Again, we'll have to look at whether we need a legislative solution to that. It's something that does concern me. There's a significant number of mobile animal exhibits in Wales at the moment. So, again, depending on what the options are, depending on what action we will take further, but I'm very happy, Chair, to make a statement or put forward a written statement when I've considered those options.

[412] You asked about the framework.

[413] **Jayne Bryant:** Yes, and the responsible ownership of animals.

[414] **Lesley Griffiths:** We're currently looking at the codes of practice around the responsible ownership of animals.

[415] **Jayne Bryant:** And will that include exotic pets? Because this is a growing issue.

[416] **Dr Glossop:** We've got our welfare codes for different domestic species, which we are reviewing, as the Cabinet Secretary suggests. Under it now a broader umbrella of responsible ownership because there's a wide range of animals that don't fit within those codes. I would say that if we consider that it's necessary to have an exotic animal code for welfare, then that's something we'd have to look at. But it will be complicated because it's a very broad range of animals. I think we come back to the fundamental principles of the Animal Welfare Act 2006, which sets out a duty of care on all owners of animals to provide for the animals' environment, health, training, food and all of that. So, we need to look at that, but it is quite

complicated, and I think we'd need to work in close conjunction with specialist groups in all these areas, because the welfare needs of a snake are quite different from some kind of exotic bird. We need to look at that in the round, really.

[417] **Lesley Griffiths:** Jayne, you also mentioned about the budget—the £0.55 million. So, that budget has two schemes in it. One is the animal health and welfare framework committee, and there's also the bee health programme, which I think is really important.

[418] **Dr Glossop:** Just to add, then, to reassure you, all the other work that we do sits within that framework and within our implementation plan, and is funded by the other budget lines that you see. We don't do everything that we do with just that budget line. That would be impossible, obviously.

[419] **Jayne Bryant:** Thank you.

[420] **Mark Reckless:** Cabinet Secretary, when you made your statement on TB, I think Members were struck that there seemed to be an ambition to sort of ramp up action in this area. I know that the budget is unchanged between this year and the next, and I just wondered why that was or the likely sort of timescale for any implications to come through.

[421] **David Melding:** You've actually said that your aim is eradication.

[422] **Lesley Griffiths:** Say that again, sorry, David.

[423] **David Melding:** You said that your aim is eradication.

[424] **Lesley Griffiths:** Yes, absolutely. I think that's always been the aim by every Minister before me also. Obviously, we're out to consultation on certain parts of the programme. I obviously brought forward my statement, as you say. One of the areas within the announcement and the refresh of the programme was about having bespoke action plans on these chronic breakdowns, because I mentioned in the Chamber that there are some herds that have been in breakdown for over 10 years, which is unacceptable, and we have to do something very different. So, those bespoke plans will primarily involve increasing the use of the tools that we do have. I think the budget is fine. We're realigning the budget to accommodate the proposed revisions in the programme to account for that. Obviously, as we ramp up the programme, and while bringing the programme forward, we've seen a

reduction in new incidents, which, of course, has reduced the cost. But I do accept that, subject to what comes out of the consultation as well, we may need to look at the budget going forward. But, yes, absolutely, the aim is to eradicate. I mentioned that the reason for going to the regionalisation is that the north-west of Wales, I think, could be declared TB free in the near future. I just think that that would send out such a positive message for the rest of the country.

[425] **Mark Reckless:** Do you want to follow up on that?

[426] **David Melding:** I just think there are resource implications. The fact that this eradication, for 15 years or whatever, has been the objective tells you about the success, or otherwise, of the policies. If it is going to be a thorough, refreshed programme, it is going to have resource commitments. I think, to intensify that, to eradicate and make us TB free in a post-Brexit world, for our meat industry, is really, really important.

[427] **Lesley Griffiths:** We may need to reprioritise work streams, and I absolutely accept that. But we're just out to consultation and I will see what comes forward next year.

[428] **Dr Glossop:** If I could add to that, we're talking about targeting our approach in specific areas. So, we have our TB eradication budget, and we do everything we can to work within that, obviously. But if we can identify areas where we can have a different approach, for example north-west Wales, then we can reapply that money into other areas that need more attention. Of course, as you say, the long-term objective is TB eradication, and as we move towards that, every TB incident that we avoid as we go forward—and we've reduced the incidence significantly over the last two years—each of those as a unit has a particular cost in terms of going in and doing testing every 60 days. So, it's a question of driving down the number of new breakdowns, so we can release funding to focus on these long-term breakdowns.

[429] **David Melding:** I'd be surprised if there isn't going to be a need for additional resources, at the early stage at least. Obviously, I understand what you say: if the programme is effective as it progresses, then you reach that stage where you're releasing money within the programme to tackle the more difficult or chronic areas.

[430] **Lesley Griffiths:** As I say, if there is a need to refocus then we will do it

from existing budgets.

[431] **Mark Reckless:** Jenny.

[432] **Jenny Rathbone:** What proportion of the TB eradication budget is used to eliminate rats as vectors of TB?

[433] **Lesley Griffiths:** Eliminate—?

[434] **Jenny Rathbone:** Rats. As they are, you know, one of the most prolific—

[435] **Dr Glossop:** At the moment, we are doing nothing with rats. We have no evidence that rats are carrying bovine tuberculosis. But, with these individual plans, should we find evidence that any particular species associated with that farm is involved in the disease dynamic, then that will be one of the actions within that plan. But as it stands, we have no evidence that rats are involved in our TB epidemic.

[436] **Jenny Rathbone:** Okay. Because there's a huge spotlight on badgers and whether or not they're vectors of TB. I'm surprised that rats, which obviously are present—. There are more rats than humans in Wales and every other community. So, they're not considered—?

[437] **Dr Glossop:** Well, I'm very happy to supply you with—. It's not a very recent paper, but a study of different types of wildlife, and the proportion of them that are infected with TB, was published by Delahaye et al a few years ago. I'm very happy to supply you with that, which will show you that badgers and deer win the prize for the highest level of TB. Then there are incidental findings in a whole range of wild animals, but at a very low level. It wasn't a proper prevalence study, but it was a study of all wild animals sent into the Bristol veterinary investigation centre a few years ago. I think it would illustrate the point that we make—that we're not ignoring other possible vectors, but we don't have the evidence that rats are part of the problem at the moment.

[438] **Jenny Rathbone:** Okay. Thank you for that.

[439] **Mark Reckless:** Cabinet Secretary, finally from me, you said earlier, in terms of agriculture post Brexit, that there might be a UK framework, but, crucially, that it should be an agreement by Welsh Government and, where

appropriate, the Assembly. I was in Scotland last week, and saw my counterpart convener, as they are called there, of their rural affairs committee. Of course, Scotland is in a very different situation. I mean, as well as having voted to remain when Wales voted to leave, at least as importantly, their Government is committed to leaving the United Kingdom and wants to have another referendum on that. I just wanted to flag that up, should the possibility of co-operation with England, and potentially Northern Ireland, and with the UK Government, be held hostage to what the Scottish Government may wish to do, given its particular perspective. Will you also, therefore, keep open the possibility of England-and-Wales co-operation, and potentially Northern Ireland, or the Welsh Government working with the UK Government in agriculture and rural development areas where there's a mutual interest, without that necessarily having to be at a UK level, were that to be difficult to agree?

12:15

[440] **Lesley Griffiths:** As I mentioned, I've met with George Eustice on a couple of occasions. I've met with Michelle McIlveen probably on more occasions; I've probably met four or five times with her. I've not met with Fergus Ewing yet. Next week will be the first time. He hasn't been at any of the other events I've been to. So, I've not heard that—that's what I'm saying—first hand. But certainly, I think the discussions that we're having—I'm there to represent Wales, and I want the very best for us, and my concern is that the UK Government don't claw back anything that has been fully devolved to this place since 1999. We've made that very clear to George Eustice. If he ever starts talking about 'British' agricultural policy, no; it's going to be a Welsh agricultural policy.

[441] But you don't want to replicate things. You heard Andrew saying about the legislation; it would be ridiculous for us to be doing work that we could be doing together. So, I'm very happy to look at that. But, when it comes to agricultural policy, I'm very clear that there will be a Welsh agricultural policy. I'm not here to justify what the Scottish Minister says, but I'm very happy to have that conversation with him, to see where he wants to come from on this. But at the moment, I think that it's important that we work together. I was out in Luxembourg a couple of weeks ago at the Agrifish council, and again, Michelle was there—Fergus wasn't, unfortunately—and we had those discussions on the fringes, obviously, of council.

[442] **Mark Reckless:** Cabinet Secretary, team—sorry, Simon, I apologise. We

have one final point from Simon.

[443] **Simon Thomas:** Yes, just a final question if I may. When the Cabinet Secretary for finance came before the Finance Committee, I asked him about carbon budgeting and the obligation of the Welsh Government under the environment Act to do carbon budgeting, and he helpfully told us that it was your responsibility. So, I wondered if you could share with the committee what you're doing to ensure that carbon budgeting across the Welsh Government is going to be taken forward under the environment Act.

[444] **Lesley Griffiths:** Well, I suppose it is my responsibility from the fact it sits in my portfolio. However, it's very much a cross-Government responsibility.

[445] **Simon Thomas:** You're taking the lead on it, then.

[446] **Lesley Griffiths:** I have met with my illustrious colleague. But no, every Cabinet Secretary recognises that they have a responsibility in relation to the carbon budget. So, I've been having bilaterals. In fact, I should have had my last one this morning, but I've had to move it to later this month, and that will be the final one. I've been very encouraged, actually, by all my colleagues, who recognise the impact they have to have in order that we fulfil this carbon budget. So, Prys has come up with a very helpful diagram that takes us on that journey, because obviously it's a long-term thing with a very strict timeline in relation to carbon budgeting. So, for instance, the discussion that I had with the Cabinet Secretary for Education—the work that they're doing within the education department in relation to twenty-first century schools is really helpful in relation to carbon budgeting. So, whilst it sits in my portfolio, it's every Cabinet Secretary's responsibility.

[447] **Simon Thomas:** It certainly is, but the question, I suppose, for us is: can we expect, when the statutory obligation comes in in 2018, to see carbon budgeting go hand in hand with the financial budgeting so that we're able to read across the allocation of resources and the impact on carbon emissions or, indeed, alternative low-carbon ways of dealing with things? Is that the intention for the Government?

[448] **Lesley Griffiths:** That's certainly what we're looking at—to align the two budgets going forward.

[449] **Mr Davies:** Just to add on that, there are policy areas that we need to

look at specifically like transport, energy and so forth, but there are also more procedural questions about how we work as a Government, how we procure things, how we arrange budgets, and certainly we want to have a look at those areas as well, generically.

[450] **Mark Reckless:** Cabinet Secretary, senior civil servants—thank you very much for coming in today.

12:19

**Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd o
Weddill y Cyfarfod
Motion under Standing Order 17.42 to Resolve to Exclude the Public
for the Remainder of the Meeting**

Cynnig:

Motion:

bod y pwyllgor yn penderfynu that the committee resolves to gwahardd y cyhoedd o weddill y exclude the public from the cyfarfod yn unol â Rheol Sefydlog remainder of the meeting in 17.42(vi).

accordance with Standing Order 17.42(vi).

Cynigiwyd y cynnig.

Motion moved.

[451] **Mark Reckless:** I now propose we move into private session for no more than 10 minutes as a committee under Standing Order 17.42. Is that agreed? Thank you.

Derbyniwyd y cynnig.

Motion agreed.

Daeth rhan gyhoeddus y cyfarfod i ben am 12:19.

The public part of the meeting ended at 12:19.