

Agenda – Climate Change, Environment and Rural Affairs Committee

Meeting Venue:

Committee Room 5 – Tŷ Hywel

Meeting date: 24 January 2019

Meeting time: 09.30

For further information contact:

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Committee Clerk

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Legislative Consent Memorandum for the UK Fisheries Bill: oral briefing (09.15 – 09.30)

1 Introductions, apologies, substitutions and declarations of interest

(09.30)

2 Consideration of the Legislative Consent Memorandum for the UK Fisheries Bill: evidence session with the Minister for Environment, Energy and Rural Affairs

(09.30–11.00)

(Pages 1 – 21)

Lesley Griffiths, Minister for Environment, Energy and Rural Affairs

Robert Floyd, Head, Marine and Fisheries EU Transition

Graham Rees, Deputy Director Marine and Fisheries Division

Attached Documents:

Research brief



3 Paper(s) to note

(11.00)

3.1 Correspondence from The Rt Hon Michael Gove MP to the Minister for Environment, Energy and Rural Affairs regarding the UK Agriculture Bill

(Pages 22 – 24)

Attached Documents:

Correspondence from the Rt Hon Michael Gove MP – 10 December 2018

3.2 Correspondence from the Chair to the Minister for Environment, Energy and Rural Affairs regarding achieving a low-carbon pathway to 2030

(Pages 25 – 29)

Attached Documents:

Correspondence from the Chair – 11 January 2019

3.3 Correspondence from the Minister for Environment, Energy and Rural Affairs to the Chair regarding the Committee's report on the Welsh Government Budget 2019 – 2020

(Pages 30 – 45)

Attached Documents:

Correspondence from the Minister for Environment, Energy and Rural Affairs – 15 January 2019

3.4 Correspondence from the Minister for Environment, Energy and Rural Affairs to the Chair regarding the Committee's report on The Climate Change (Wales) Regulations 2018

(Pages 46 – 49)

Attached Documents:

Correspondence from the Minister for Environment, Energy and Rural Affairs – 15 January 2019

3.5 Correspondence from the Minister for Economy and Transport to the Chair regarding the Committee's report on the Welsh Government Draft Budget 2019–2020

(Pages 50 – 55)

Attached Documents:

Correspondence from the Minister for Economy and Transport – 16 January 2019

4 Motion under Standing Order 17.42 (vi) to resolve to exclude the public from item 5 of today's meeting

(11.00)

5 Legislative Consent Memorandum for the UK Fisheries Bill: consideration of oral evidence

(11.00–11.30)

Document is Restricted

Agenda Item 3.1


Department
for Environment
Food & Rural Affairs

The Rt Hon Michael Gove MP
From the Secretary of State for Environment, Food
and Rural Affairs

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Lesley Griffiths AC/AM
Cabinet Secretary for Energy, Planning
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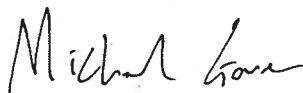
10th December 2018

Dear Lesley,

I am writing following extensive and highly collaborative discussions between our officials on a process for the initial making and ongoing operation of Part 7 (WTO clause) regulations in the Agriculture Bill. I am absolutely delighted to learn that we have reached a position that officials agree works for both our administrations. I am attaching a proposition for how Defra and the Welsh Government will continue to work together on the regulations. I understand one official level workshop has already taken place where good progress was made to kick-start this process and is, I hope, an indication of how Defra wants relations to continue with the devolved administrations. I do hope that this concludes the matters set out in your letter of 12th September and will enable the Welsh Government to recommend to the National Assembly for Wales that legislative consent be granted for the Agriculture Bill. I would very much welcome your formal agreement to this proposition before the bill's Commons Report stage.

This is excellent progress and I am very pleased that our two administrations continue to collaborate so positively.

With every good wish,



Michael Gove

UK Government proposal on WTO provisions within the Agriculture Bill

The initial making of Part 7 regulations

- Defra will make clear on the floor of the House of Commons at Report speech in the Commons, that the UK Government will consult the devolved administrations before bringing forward regulations under this power.
- Defra officials will share with DA counterparts proposals for regulations to be made under the WTO powers in the Agriculture Act including:
 - objective methodology and rationale for determining or changing Amber Box limits, and the resulting limits themselves;
 - the type of information, and its frequency, that should be provided for the purpose of classifying schemes and notifying WTO AoA box usage; and
 - the process to be set out for the classification of schemes and the role of a memorandum of understanding (see below).
- Draft regulations will be presented to the four UK agriculture Ministers with the aim of securing agreement, followed by an exchange of letters. This would provide the opportunity for a devolved administration to set out its position, and for the Defra Secretary of State to explain the reasons for the final form of the regulations and how UKG has sought to reach agreement.
- The process for sharing regulations and consulting the devolved administrations should be guided by the principles set out in the Inter-governmental Agreement. Consistent with those, the administrations are committed to seek to proceed by agreement. But if this is not possible, the matter would be escalated in line with the existing MoU governing Intergovernmental relations and any future agreements in place between Defra and the DAs on dispute resolution. In the event of a dispute, once all these attempts at resolution have been exhausted, the exchange of letters should be made available to both Houses in advance of the affirmative vote on the regulations made under part 7.

The ongoing operation of the Part 7 regulations

- The administration intending to introduce or change the way funding supports agricultural producers proposes a WTO classification, consistent with the regulations and the detailed process set out in a Memorandum of Understanding on their operation. Proposed classifications should be discussed by officials, and submitted to the four UK agriculture Ministers, initially by correspondence and if necessary for discussion, with the aim of securing agreement. Proposed classifications will be reviewed, as necessary, before schemes are implemented. Assuming agreement is achieved, the Secretary of State notifies the classifications to the WTO.

- In the event agreement on any aspect of the operation of the regulations cannot be reached between the Secretary of State and the Minister of the relevant devolved administration, the matter would be escalated in line with the existing MoU governing Intergovernmental relations and any future agreements in place between Defra and the DAs on dispute resolution. The UKG and devolved administrations will continue to work together to consider specifically the role of independent advice.
- Consideration must be given to avoiding the provocation of a challenge by other WTO members to the UK's notification decision, so the UKG and the devolved administrations will seek to agree the right balance between transparency around, and accountability for, the Secretary of State's final decision.

Lesley Griffiths AM
Minister for Environment, Energy and Rural Affairs

11 January 2019

Dear Lesley

Achieving our low-carbon pathway to 2030

As you know, the Climate Change, Environment and Rural Affairs Committee has taken a keen interest in the implementation and delivery of the Environment (Wales) Act 2016 ('the Act') which requires the Welsh Government to set carbon budgets for five year periods.

The Committee was pleased to see the publication of the Welsh Government's consultation on reducing emissions - 'Achieving our low-carbon pathway to 2030' – the results of which will inform the development of the first Low Carbon Delivery Plan, due to be published in March 2019. The Committee agreed to undertake a short piece of work in this area to feed in to the Delivery Plan.

In response to a request from the Committee, 26 stakeholders shared their consultation responses with us. Many of those stakeholders also attended a stakeholder discussion with the Committee on 28 November 2018. This letter is intended to convey to you the views of stakeholders on some of the key issues raised with the Committee.

The Welsh Government's consultation on a low carbon pathway to 2030

There is a strong belief within the sector that the Welsh Government should be aiming to meet a target of net-zero emissions by 2050, rather than the statutory reduction of at least 80% set out in the Act, particularly in light of the conclusions of the recently published report of the International Panel on Climate Change (IPCC). The Committee welcomes the initial steps you are taking, along with all



other UK Governments, to seek advice from the UK Committee on Climate Change (UKCCC) on how best to achieve net-zero.

Some stakeholders expressed concern that the consultation has signified a 'significant step back' from the Welsh Government's previously published Climate Change Strategy. They identified the level of ambition; the evidence base; and stakeholder and expert engagement; as important areas that were lacking. The general consensus regarding the proposals in the Welsh Government's consultation was that they were welcome in principle and a step 'in the right direction'. However, there is widespread concern that the proposals are not ambitious enough, and several stakeholders expressed serious concerns about the lack of detail, costs and impact assessments accompanying the proposed actions.

Some stakeholders expressed disappointment with the advice the Welsh Government has received from the UK Committee on Climate Change. There is a view that the advice was given within the wider UK context and, consequently, opportunities to design innovative "made in Wales" solutions had been missed. Stakeholders drew attention to the Well-being of Future Generations Act, which is unique within the UK, and suggested there was little evidence that it had informed the development of the advice.

Stakeholders supported the establishment of an expert group within Wales to advise on decarbonisation policies. There was a belief that there is now a significant gap in expert and stakeholder advice, that has arisen following the disbandment of the Climate Change Commission for Wales.

Stakeholders were also concerned that there is no indication of a joined up approach within the consultation. For example, there is no sense of how the proposed pathway and actions will align with the duty to achieve the well-being goals. There is also a lack of clarity of how the 'five ways of working' in the Well-being of Future Generations Act have been applied thus far.

Several stakeholders questioned the role of local decision making and how this will align with the Welsh Government's national leadership role. Questions were raised about local models, such as the city-region model in England, and whether they can deliver transformative change more effectively than the current arrangements.

Alongside this, several stakeholders emphasised the importance of behaviour and social change, which they believed should be a key component of any low-carbon



pathway. In addition, it was suggested that the Welsh Government should invest in exploring the social, cultural, psychological and economic barriers to change.

Welsh Government decarbonisation priorities

Stakeholders emphasised the need to demonstrate the links between decarbonisation and other policy areas. This is something that is currently lacking. For example, several stakeholders believed that an explicit link should be made between emissions reduction and public health. In particular, they believed that encouraging a modal shift for transport and reducing fuel poverty could present significant opportunities for emissions reduction and deliver public health benefits.

The Welsh Government should build on this to encourage more cross-sector collaboration to maximise impact. Stakeholders suggested that one way to achieve this would be through the formation of a cross-industry group to drive collaboration and innovation. The 'South Wales Industrial Cluster' was given as an example of a cross-industry group that could be used as a blueprint for a Wales-wide group. Further, it was suggested that the UK Government's 'City Deals' in Wales could be a good opportunity for cross industry collaboration at scale, and could lead to securing further innovation funding from the UK Government's Industrial Strategy Challenge fund.

A key issue for many stakeholders was the need for appropriate financial support to deliver change on the scale that is needed. It was suggested that new funding mechanisms should be explored, such as a possible Welsh Development Bank providing 'low carbon loans'. It was also suggested that the Welsh Government should explore how it can use Welsh taxes and borrowing to support jobs and growth in low-carbon technologies across all sectors.

Sectoral priorities

Stakeholders identified priorities across four key areas. They were –

- Energy;
- Transport;



- Buildings; and
- Land use and agriculture.

Energy

Funding and financial incentives were key issues in relation to the energy sector. Some stakeholders suggested the Welsh Government should provide a new investment vehicle for low carbon technologies. Others proposed new tax support mechanisms for renewable energy projects, such as a 0% VAT for smaller scale projects.

Other specific proposals that were raised with the Committee included:

- The creation of 'local energy hubs' that co-locate domestic or local renewable energy with low-carbon heat, demand side response projects and electric vehicle charging;
- Supporting research into Carbon Capture and Storage (CCS) and Carbon Capture and Utilisation or Storage (CCUS), and undertaking an evidence based assessment of bioenergy potential in Wales; and
- Requiring all public land sold to developers to be for zero-carbon developments.

Transport

There was a consensus that active and public transport policies should be emphasised. Stakeholders suggested that future planning of transport should be based around people and their needs. Some suggested clean-air zones in cities, congestion charges and the possibility of road pricing.

Alongside this, the Welsh Government should be encouraging increasing the use and number of Electric Vehicles (EVs). It was suggested that financial support could be given to fleet operators to switch to EVs in both the public and private sectors. It was also suggested that the cap for charging point installation grants should be increased, particularly for large companies which are currently limited to 20 points across the company. Stakeholders believed that there should be a universal, easy to use, charging system for EVs to encourage uptake.



Buildings

There was a consensus in support of the urgent need to improve energy efficiency in new and existing buildings, although different solutions were proposed. There were calls for a clear and consistent policy objectives, to enable cross sector and industry working towards a common goal. It was suggested that the well-being goals should be updated to consider fuel poverty.

Some stakeholders believed the Welsh Government should undertake a cost-benefit analysis of retrofitting existing housing stock. It was suggested that retrofitting will inevitably lead to the demolition of some buildings. There would need to be clear and consistent support if such an approach is pursued in future.

The Welsh Government's nascent tax raising powers could provide scope for incentivising improvements in building efficiency and fostering a culture of continuous improvement.

Land use and agriculture

Finally, stakeholders believed that land management post-Brexit could be an opportunity for significant changes to encourage land owners to use land for public goods, including carbon sequestration. It was suggested that the Welsh Government should look into the health and carbon impacts of food production.

The Committee hopes that this information will prove useful and will inform the development of the first Low Carbon Delivery Plan. The Committee looks forward to the publication of that Plan in March 2019 and will, I'm sure, wish to undertake further work on it in due course.

Yours sincerely,



Mike Hedges AM

Chair of Climate Change, Environment and Rural Affairs Committee



Agenda Item 3.3

Lesley Griffiths AC/AM
Gweinidog yr Amgylchedd, Ynni a Materion Gwledig
Minister for Environment, Energy and Rural Affairs



Llywodraeth Cymru
Welsh Government

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

15 January 2019

Dear Mike

Welsh Government Draft Budget 2019-20

Thank you for your letter of 27 November, regarding the Climate Change, Environment and Rural Affairs committee's report on the Welsh Government Draft Budget 2019-20.

On behalf of Hannah Blythyn AM, the previous Minister for Environment and myself, the formal response required to all 31 recommendations is enclosed. It is also noted on request of the Committee recommendation 26 will have further responses on progress in six months.

Regards
Lesley

Lesley Griffiths AC/AM
Gweinidog yr Amgylchedd, Ynni a Materion Gwledig
Minister for Environment, Energy and Rural Affairs

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

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

Written Response by the Welsh Government to the report of the Climate Change, Environment and Rural Affairs Committee entitled Scrutiny of the Welsh Government Draft Budget 2019-20

Detailed responses to the report's recommendations are set out below:

Recommendation 1

The Welsh Government accepted this Committee's recommendation in its report on the draft budget for 2018-19, that, "in order to demonstrate how the Wellbeing of Future Generations (Wales) Act 2015 informs the budget process, the Welsh Government should incorporate in its impact assessment process an assessment against its well-being objectives". The Welsh Government should explain how its approach to the draft budget 2019-20 reflects the Committee's recommendation.

Response: Accept

The Welsh Government accepted this Committee's recommendation in its report on the draft budget for 2018-19, that, "in order to demonstrate how the Wellbeing of Future Generations (Wales) Act 2015 informs the budget process, the Welsh Government should incorporate in its impact assessment process an assessment against its well-being objectives". The Welsh Government should explain how its approach to the draft budget 2019-20 reflects the Committee's recommendation.

The Welsh Government's programme for government, Taking Wales Forward 2016-21 and the national strategy Prosperity for All, set out the government's priorities to deliver its long-term aim to create a Wales which is prosperous and secure; healthy and active; ambitious and learning and united and connected. They set out how we will respond to the Well-being of Future Generations Act and our well-being objectives to deliver the greatest impact with reducing resources. The Prosperity for All annual report sets out the progress made towards delivering our well-being objectives.

From the start of the budget process we have focused on how we can take further steps to embed the principles and the five ways of working in the Well-being of Future Generations Act into the budget process. The Act plays a fundamental role in guiding the budget process to ensure, as a government, we think about the long-term; work with people and communities; take a preventative approach to try and stop problems from happening in the first place and a more joined-up, cross government and public sector approach to addressing issues.

This year our detailed budget proposals are set out in alignment with our well-being objectives, and the strategic integrated impact assessment of these allocations also followed this alignment. As our approach continues to evolve and mature we feature in both draft Budget documents a series of case studies to demonstrate how we are embedding the Well-being of Future Generations Act into the budget process, how it is guiding our activities and helping to inform our decisions.

As the Future Generations Commissioner said in her evidence to the Finance Committee she sees the Act providing an overarching framework for strategic impact assessment. Our integrated impact assessment tool that was launched in July has integrated our existing assessments using the framework of the Act. We recognise that an integrated approach to assessing impact is vital in fulfilling the requirements of the Act and working towards achievement of the Well-being Goals in Wales. This tool will also provide evidence of how the five ways of working have been considered throughout the process.

Recommendation 2

The Welsh Government should report back to this Committee on any consultation with stakeholders it has undertaken to inform the development of the draft budget. If there has been no consultation, the Welsh Government should explain why.

Response: Accept

The budget planning process across the portfolio is underpinned by the Well-being of Future Generations (Wales) Act 2015 and we have focused on how we can take further steps to embed the principles and the five ways of working in the Act into the budget process. This means the Act plays a fundamental role in guiding the budget process to ensure, we work with people and communities; and take a more joined-up, cross-government and cross-sector approach to addressing issues.

For example, the Enabling Natural Resources and Well-being Grant is evidence of involving stakeholders for this 3rd Sector Grant. A range of evidence was drawn upon to inform the change in the approach to funding across the previous Environment Grant Schemes, including evidence from Wales Audit Office and feedback on evaluation from the evaluation of the Core Grant. The third sector and local authorities were asked for their views, and they supported the creation of the joint grant.

The Waste budgets are managed collaboratively with local authorities and WRAP. For example, the Collaborative Change Programme (CCP) is a Welsh Government programme set up in 2010 in partnership with the WLGA to develop sustainable local authority waste management services. It is now being adapted to include work on behaviour change to promote increased public participation in recycling and move local authorities faster towards 70% recycling.

The delivery of the Rural Development Programme, an investment of £26.5m revenue in 2019-20 and £19.7m capital over 2019-2021, is through engagement, co-production and collaboration.

We are making good progress to ensure we embed the principles of the Well-being Act with particular attention to collaboration and consultation with stakeholders across all of our budget decisions.

Recommendation 3

The Welsh Government should report back to this Committee on the reasons for the omission of decarbonisation as a sixth Prosperity for All priority.

Response: Accept

The sixth priority area was omitted from the evidence paper in error. However, decarbonisation plays a key role across the portfolio areas which have been documented within the evidence paper. We want to place decarbonisation at the front and centre of everything we do and ensure the Government is held accountable for delivery.

In March, the Welsh Government will publish its first Low Carbon Delivery Plan, which will propose how Wales will reduce carbon emissions and achieve its first carbon budget.

BREXIT

Recommendation 4

The Welsh Government should seek a commitment from the UK Government that future funding arrangements for farming and land management support will be developed in partnership with the devolved administrations and that there will be parity of esteem between partners.

Response: Accept

DEFRA and Devolved Administration Ministers meet on a regular basis - the quadrilateral on 14 January will be the twelfth since November 2016.

We will continue to seek tangible commitment from the UK Government to develop arrangements in partnership and that – as we have said from the outset - Wales should not lose a penny as a result of leaving the European Union. We were promised this ahead of the EU referendum, and we expect the UK Government to ensure this happens.

We look forward to the intra-UK allocations review, due to begin in January 2019. It is important that this review is undertaken in a timely manner as the farming community are understandably anxious about the future. We continue to press the UK Government for clarity on the terms of reference of the review and in particular how the findings will be used. Wales must gain fair funding as a result of this process.

Recommendation 5

The Welsh Government should give a commitment that additional, new funding will be made available for the establishment of the new schemes.

Response: Reject

The new schemes will be funded by the Welsh Government, but we cannot give a commitment to additional or new funding before the impact of leaving the European Union is known, or before the outcome of the 2019 spending review.

FUTURE AGRICULTURAL POLICY IN WALES

Recommendation 6

The Welsh Government should provide further assurance that sufficient funding is available within the draft budget 2019-20 to enable preparatory work to be undertaken, including detailed modelling, impact assessments and the establishment of pilot schemes.

Response: Accept

The Welsh Government agrees there is important preparatory work which must be concluded before new schemes can be established. As set out in Brexit and our Land, no changes to farm payments will be made without further consultation. Further analysis, including modelling and impact assessments, will be a key requirement. This analysis will require funding and the Welsh Government commits to ensure it is adequately funded.

Over 12,300 responses to the consultation have been received and they are currently being analysed. Once this process has been completed, the Welsh Government will set out next steps in further detail. This will include more information on the nature of analysis, how it will be funded and the potential role of pilots.

Recommendation 7

The Welsh Government should, as a matter of urgency, undertake an impact assessment of the decision to widen access to the proposed schemes from farmers to land managers.

Response: Accept

As noted above, Brexit and our Land committed Welsh Government to produce appropriate analysis, including modelling and impact assessments. Future analysis will require appropriate assumptions to be made about future policy. Welsh Government intends to use consultation responses to determine these assumptions. This will need to include scheme eligibility.

FARMING SUPPORT SERVICES

Recommendation 8

The Welsh Government should undertake an assessment of the resources that will be required to ensure there is sufficient advisory capacity before the transition to new schemes begins. This should include a breakdown for 2019-20 and 2020-21.

Response: Accept

The scale of resources for advisory capacity will depend upon policy decisions on the nature of new schemes; the period for which resources will be required will depend upon policy decisions on the transitional timetable. An assessment of both aspects will be made in the light of responses to the consultation. A breakdown will be provided to the committee once the detail and likely demands of the scheme are known.

ENVIRONMENTAL GOVERNANCE

Recommendation 9

The Welsh Government should provide further details on how any preparatory work associated with the establishment of a new environmental regulatory body will be met within existing allocations in the draft budget 2019-20.

Response: Accept

Work is on-going to consider the appropriate scope of such a body, including at what level it should operate. It would be premature to make any determinations on the body, and any costs, until we have consulted on its scope and role and sought the views of stakeholders. We will be publishing our consultation in the New Year. Once the scope, functions and geographical scale have been determined, details of costing will be provided.

Recommendation 10

The Welsh Government should report back on why it believes the Future Generations Commissioner's Office is an appropriate model for the establishment of an environmental governance body.

Response: Accept

The Future Generations Commissioner role was established with a specific purpose, role and constitutional structure, which was appropriate to support the sustainable development duty on public bodies in the Well-being of Future Generations (Wales) Act. Any new environmental oversight body would need to be established with its own purpose and role and the constitutional framework would need to be appropriate for its functions.

Of existing independent bodies the Future Generations Commissioner appears the closest to the likely function of an oversight body and therefore provides a reasonable comparator. However it only provides one model and we are considering a variety of models to help identify the most appropriate constitutional framework for a new environmental oversight body.

The role of any new environmental oversight body operating in Wales would need to be in alignment with the existing accountability bodies already representing Welsh interests, including the Future Generations Commissioner.

BREXIT STAFFING

Recommendation 11

The Welsh Government should provide details of how and when decisions will be taken to determine whether the new posts to support Brexit work should be retained beyond 2020. The Welsh Government should clarify whether these decisions will be made in time to inform the next budget planning round.

Response: Accept

The funding for the posts is time limited at this point, but the recruitment is being done in a way that would enable some to become permanent if we judge it appropriate nearer the time.

Staffing levels will clearly depend on the outcome of the Spending Review and discussions with the new First Minister and Cabinet about overall budget allocations, taking account of latest circumstances (including the position on Brexit).

We should be in a better place to judge medium-term staffing implications arising from Brexit post-March.

DECARBONISATION

Recommendation 12

The Welsh Government should provide this, and other relevant Assembly Committees, with its forthcoming carbon delivery plan, and future iterations, in draft to enable the Assembly to inform its development.

Response: Accept in Principle

Although we are not required by legislation and this is not the practice at the UK Government level, I have agreed to send the Committee the first Low Carbon Delivery Plan in advance of publication. Due to the short timescales and due governance process, we can not share it any earlier. In terms of future publications it

will be down to the Government at the time to determine, as each new plan will need to be delivered within the first year of a new Government

Recommendation 13

The Welsh Government must publish, alongside its carbon delivery plan, a detailed cost benefit analysis of each of the actions included in the plan.

Response: Reject

The Environment (Wales) Act reflects the National Assembly's intention with regard to proposals and policies for meeting carbon budgets and does not require us to publish an assessment of the cost and impact of each intervention. This is similar to the situation in Scotland and at the UK level. Departments are expected to consider the cost and impact of all interventions as part of the policy development process. In addition, we are assessing the contribution of the Plan to the national well-being goals and will publish a sustainability appraisal alongside the Plan.

Recommendation 14

The Welsh Government must use its detailed analysis of Fuel Poverty estimates, expected in early 2019, to set a timetable for the eradication of fuel poverty. It should report back on this Committee as soon as it has done so.

Response: Accept

Revised estimates to assess the level of fuel poverty in Wales have been commissioned. They are expected to be published in the summer of 2019 and will inform the development of outcome focused objectives designed to better tackle fuel poverty in Wales from 2019 onwards. A timetable for the development of the outcome focused objectives should be published early in 2019.

Recommendation 15

The Welsh Government should report back to this Committee on its timetable for the development of a new fuel poverty plan. It should provide this Committee, and other relevant Assembly Committees, with its fuel poverty plan in draft, to enable the Assembly to inform its development.

Response: Accept

The Welsh Government's plan for tackling fuel poverty will be published in the form of draft outcome focused objectives for consultation with statutory committees and the cross party group on fuel poverty.

Recommendation 16

The Welsh Government should report back to this Committee at an appropriate time on whether it has decided to continue funding the Housing Conditions Evidence Programme beyond March 2019.

Response: Accept

The Welsh Government has taken the decision to extend the Housing Conditions Evidence Programme for a further two years until March 2021.

NATURAL RESOURCE WALES

Recommendation 17

The Welsh Government should report back to this Committee on progress on securing additional funding from the UK Government to address the funding shortfall arising from newly designated improvements to reservoirs required under the Reservoirs Act 1975.

Response : Accept

Discussions are under way to secure additional funding arising from the implications under the Reservoirs Act 1975. I will report back to the committee on the outcome in June 2019.

Recommendation 18

The Welsh Government should report back to this Committee within the next six months on the progress of discussions relating to NRW funding, including options to increase NRW's ability to generate income and for a longer-term funding settlement.

Response: Accept in Principle

This is an ongoing discussion which officials are undertaking with the Interim Chair and Chief Executive of NRW, as they already have the ability to generate income. I will update the Committee by 27 May 2019.

Recommendation 19

The Welsh Government should set out any additional or new duties it expects NRW to implement during this budgetary period and identify the funding that has been allocated for those purposes.

Response: Accept

This information will be available in the remit letter I will issue to NRW at the end of March 2019.

Recommendation 20

The Welsh Government should provide further details about the additional £0.7m that has been allocated in relation to the outcome of NRW's job evaluation exercise.

Response: Accept

In February 2018, the Minister for Environment wrote to the Chief Executive of NRW, with my support, to agree the change in staff terms and conditions as set out by NRW. However, as part of that agreement, NRW were asked to consolidate the pay award into pay in 2018/19. The Minister asked the Chief Executive to ensure her staff discussed the financial implications for this. A figure of £0.7m was agreed and added to NRW's core GIA for 2018/19.

BOVINE TB

Recommendation 21

The Welsh Government should report back to this Committee in April 2019 on progress of the TB Eradication Programme. This should include an update on the reduction of the incidence of bovine TB and the payment of compensation.

Response: Accept

I have committed to make a statement on progress with the refreshed TB Eradication Programme in April 2019 once the full calendar year statistics and TB Dashboard are available. The statement will provide an update on TB incidence in Wales as well as reports on key aspects of the Programme, including TB compensation arrangements.

Recommendation 22

The Welsh Government should report back to this Committee on the progress of TB vaccination pilots. This should include information on their anticipated scale and cost.

Response: Accept

The Welsh Government accepted this Committee's recommendation and will report back to this Committee with an update on the progress of all the TB vaccination projects once the expenditure has been finalised for the financial year 2018-2019. The current draft expenditure on the badger vaccination grants for this financial year is £46,000 to date and the area covered is 16.88km².

The work on the Gower vaccination project is still ongoing and the Gower vaccination group are currently securing funds to which OCVO has committed to price matching up to a maximum of £100,000 per year for 4 years. The Gower is 188km² and the vaccination work is estimated to cover up to 100km²

AIR QUALITY

Recommendation 23

The Welsh Government must report back to Committee on the take-up of the Air Quality fund. This should include information about the local authorities that have drawn on the fund and the progress that has been made as a result of that funding. The Welsh Government should also explain how it will evaluate the effectiveness of the use of allocations from the fund.

Response: Accept

The Air Quality Fund has been prioritised for use by Caerphilly County Borough Council and Cardiff Council. These are the only local authorities in Wales that have been directed to take action to address exceedences of nitrogen dioxide. The authorities have, to date, submitted their scoping reports and interim plans. They are now developing full business cases to support the measures they propose to take to deliver compliance with legal limits in the soonest time possible. Final plans are required by end June 2019.

To date, the authorities have been awarded funding of £1.1m in total, and grant of £117k has been claimed. This funding has been used to support their feasibility studies, including air quality assessment and modelling work.

The bulk of the funding will be required during 2019/20 and 2020/21 when the authorities introduce the measures to bring forward compliance. These measures could include, for example, a charging Clean Air Zone which would require fixed infrastructure including cameras and signage.

A specialist review panel has been established to provide Welsh Government with independent assurance on the local authority plans that are being funded from this budget.

Recommendation 24

The Welsh Government should provide this Committee with its Clean Air plan in draft, so that the Committee can inform its development.

Response: Accept

There is ongoing work on a range of Air Quality actions whereby a draft Clean Air Plan will be shared with the Committee by November 2019

Stakeholder consultations will progress early in 2019 in order to inform the actions required with the plan. The Committees' involvement is welcomed in this process.

Recommendation 25

The Welsh Government should report back to this Committee on progress towards establishing the Air Quality and Assessment Centre for Wales.

Response: Accept

This summer, the Welsh Government established the Clean Air Programme for Wales to reduce the burden of poor air quality on human health and the natural environment. In the nearer term, it will support delivery of actions required to comply with our European and domestic legislative air quality obligations.

This programme will consider evidence and develop and implement actions required across Government Departments including environment, health, education, decarbonisation, transport, local government, planning, agriculture and industry to achieve Clean Air for Wales. An Evidence, Innovation and Improvement project has been set up under the Programme which aims to enhance the understanding of airborne pollution in Wales to support the development of policy and to drive improvements in air quality in Wales where they are needed the most. Ultimately this will be delivered through the creation of an Air Quality Monitoring and Assessment Centre, although initially actions will be delivered through a phased approach of procured evidence.

The development of an Air Quality Monitoring and Assessment Centre will enable a more proactive management of air quality in Wales, moving to prevention rather than mitigation. As this is a significant measure it requires careful design and planning in order to be effective.

A project plan and business case is currently being developed for this workstream, and a project board will be convened to provide advice and support actions necessary to support the development of the center.

It is anticipated that the development of the Centre will commence in late 2019.

FLOOD AND COASTAL EROSION RISK MANAGEMENT

Recommendation 26

The Welsh Government must report back to Committee on the take-up of the Coastal Risk Management Programme (CRMP) within 6 months. This should include information about the local authorities that have drawn on the fund and the progress that has been made as a result of that funding. The Welsh Government should also explain how it will evaluate the effectiveness of the use of allocations from the fund.

Response: Accept

The Welsh Government can inform the Committee on those schemes which have already received support in producing their business cases and which have been included in the Coastal Risk Management Programme. It remains for the local authority to secure the funding and deliver over the 3 year period. My officials will provide the Committee with a report on the progress of the Coastal Risk Management Programme.

The programme has completed its first review and remains subject to ongoing evaluation with the support of its Programme Board to ensure it meets its aims to reduce risk to coastal communities. This Government's approach to coastal risk management was reported on by the Auditor General for Wales and Public Accounts Committee in 2016 and 2017 respectively.

Recommendation 27

The Welsh Government should report back to this Committee on its progress in attracting alternative sources of investment for flooding and coastal risk management interventions.

Response: Accept

Partnership funding is now included in the prioritisation methodology for the flood and coastal erosion risk management programme, agreed by its Programme Board earlier in 2018. We want to better understand the opportunities for partnership contributions and have identified this as a measure in the forthcoming National Strategy, following discussions with Risk Management Authorities and a Public Accounts Committee recommendation in its 2017 report.

PLANNING

Recommendation 28

The Welsh Government should report back to this Committee on its anticipated timetable for the energy consenting Bill.

Response: Reject

Preparatory work towards an Infrastructure and Planning Bill is being undertaken utilising existing Planning and Regulation budgets. However, due to other Government priorities, the Bill is not within the Welsh Government's current Legislative Programme. Further revisions and announcements on the Government's Legislative Programme will be made in due course.

Recommendation 29

The Welsh Government should provide an update on the implications of the reduction in the planning inspectorate budget for the operations of the planning inspectorate. The Cabinet Secretary should set out her plans for this policy area.

Response: Accept

The Welsh Government currently provides a budget of £2.52m to the Planning Inspectorate (PINS) for its operations in Wales, with additional funding obtained through chargeable work, such as development plan examinations and compulsory purchase inquiries. The budget covers the direct running costs of the dedicated Inspector resource for Wales, the office staff based in Cathays Park, accommodation costs and a percentage of PINS overhead costs to cover joint central service provision including finance, HR and ICT. PINS Wales is currently led by a Director for Wales who reports to the Chief Executive and is directly accountable to the Cabinet Secretary for Energy, Planning and Rural Affairs. PINS Chief Executive is currently undergoing a process of restructuring the organisation, which is likely to result in some savings to the overhead element of the charges for Wales. The demand-led nature of the case load means it is difficult to predict how much income will be generated from chargeable work and the outturn in any given year can be different from the allocated budget by more than 10%. The anticipated reduction in the budget figure can be accommodated within the normal budgeting parameters.

The need for a separate Inspectorate was raised as part of the consultation on the Planning Act 2015 and was rejected at that time due to insufficient evidence. The Welsh Ministers have, however, kept that decision under review since that time. The restructuring exercise currently being undertaken by the Planning Inspectorate Chief Executive has led reconsideration of the position. The options and costings for providing a separate service in Wales are currently being assessed and will depend on what service delivery model is chosen. Given the economies of scale currently gained by being a small element of a larger organisation, costs of a fully independent service are likely to rise.

THIRD SECTOR FUNDING

Recommendation 30

The Welsh Government should report back to this Committee about any impact assessment that has been undertaken in relation to her decision to merge several grants into one project-based grant, the “Enabling Natural Resources and Well Being Grant”. The Welsh Government should provide further information about what it believes the impact of this decision will be.

Response: Accept

The decision to create a new grant by merging the previous grants was taken in response to emerging evidence from a number of sources, including the experience gained from operating the previous grant schemes and in light of continued pressure

on baseline budgets. The available evidence also identified that the previous sector and topic based grants schemes did not clearly support the direction of legislation and policy and needed to be strengthened.

The development of the Enabling Natural Resources and Well-being (ENRaW) grant is placed firmly within the context of Welsh legislation as set out in the Well-being of Future Generations (Wales) Act 2015 (WFG) and the Environment (Wales) Act 2016.

The new grant supports implementation of key elements within the Natural Resources Policy for Wales (NRP) which has undertaken and published a number of impact assessments in line with Welsh Government requirements.

The design of the ENRaW grant scheme takes into account the requirements of broader legislation relating to Equality, Children's Rights, Welsh Language and Biodiversity. A range of impact assessments were undertaken as part of developing the grant. Each impact assessment addressed a range of issues as dictated by the focus of the impact assessment in line with the general approach taken by Welsh Government.

In addition, Welsh Government undertook a number of co-design events with a wide range of cross sector stakeholders and also worked closely with the recipients of previous grants to understand the impact of the change from their perspective and to assist them understanding the new grant and in identifying future opportunities.

The Enabling Natural Resources and Well-being Grant draws in additional resources available through the Rural Development Programme. As a result, the resources available have increased, allowing additional investment to be made to support collaborative cross sector projects. Projects are also now required to clearly evidence well-being outcomes across the seven well-being goals, demonstrating the contribution that natural resources make across economic, social, cultural and environmental well-being. Early indications suggest a positive response to the first call for proposals has been achieved by the new grant.

It is anticipated that the new grant will have a positive impact on individuals groups, communities, collaborative working and sustainability of activity. The programme will strengthen Wales' natural resources to ensure that Wales has increasingly resilient and diverse ecosystems that are managed to deliver economic, social and environmental benefits.

The ENRaW grant call for proposals closed on 3rd December. The call for proposals has been extremely successful and has received 83 applications, some with multiple projects, from a broad range of cross sector collaborations. The applications are currently being assessed and it is hoped that successful projects will begin early in the next financial year.

WASTE

Recommendation 31

The Welsh Government should provide further information about the allocation of £2.8m to give effect to the “reversal of [a] previous cut” in relation to the Waste Specific Grant to Local Authorities. This should explain the purpose of the grant; the reasons for the previous reduction; and the reasons for reversing the reduction.

Response: Accept

£2.8m has been reallocated to the Sustainable Waste Management Grant (SWMG) to replace funding transferred to the Revenue Support Grant for local authorities. The SWMG supports local authorities to provide sustainable waste management services and achieve higher recycling in line with statutory waste targets under the Waste (Wales) Measure 2010.



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: MA-L-LG-0841-18

Mike Hedges AM
Chair of the Climate Change, Environment and Rural Affairs Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

15

January 2019

Dear Mike

Thank you for your letter of 30 November in which you provided the Climate Change, Environment and Rural Affairs Committee's report on the Climate Change (Wales) Regulations 2018. I am pleased to provide my formal response to the report.

Recommendation 1. Future carbon budgets and associated Regulations should be published in draft by the Welsh Government and should be subject to consultation with stakeholders.

Welsh Government response: Reject

The Environment (Wales) Act reflects the National Assembly's intention with regard to scrutiny of all climate change regulations and does not require us to publish carbon budgets for formal consultation. We continue to work closely with stakeholders on all matters relating to climate change, within each emissions sector and at an all-Wales level.

In 2017 the Committee on Climate Change (CCC) ran two Calls for Evidence, which provided stakeholders with an opportunity to influence decisions regarding the carbon accounting framework as well as the level of our first two carbon budgets and our interim targets. The Welsh Government supported these Calls for Evidence and undertook consultation events jointly with the CCC in North and South Wales. We published the Cabinet's decision to accept the CCC advice in June 2018, several months before laying the draft Regulations in the National Assembly. There will be similar opportunities for stakeholders to be involved as we set future carbon budgets.

Bae Caerdydd • Cardiff Bay
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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

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

Recommendation 2. The Welsh Government should provide a draft version of the Delivery Plan for its first carbon budget as early as possible before it is published. For future carbon budgets, the Welsh Government should provide a draft version to the Committee and consult with stakeholders on the draft as early as possible before it is published.

Welsh Government response: Accept in principle

Although we are not required by legislation and this is not the practice at the UK Government level, I have agreed to send the Committee the first Low Carbon Delivery Plan in advance of publication. Due to the short timescales and governance processes, we can not share it any earlier. In terms of future publications, this will be a matter for the Government at the time to determine, as each new plan will need to be delivered within the first year of a new Government.

Recommendation 3. The Welsh Government should review its 2050 target and report back to the Assembly before its third carbon budget is set.

Welsh Government response: Accept

I have asked the CCC, along with the UK and Scottish Governments, to consider our long-term targets in light of the Paris Agreement and the recent Intergovernmental Panel on Climate Change (IPCC) Special Report. The CCC ran a call for evidence to inform their advice and asked specifically how their advice should reflect the different circumstances in the four nations of the UK.

We expect to receive the CCC's advice on our long-term targets in April next year. We will consider this advice and its implications for our statutory framework, including the 2050 target, and report back to the Assembly before setting the third carbon budget. We will also consider the other sources of evidence set out in the Environment (Wales) Act 2016.

Recommendation 4. The Welsh Government should ask the UK CCC to ensure that its reports on progress to reduce emissions are broken down into areas of devolved and non-devolved policy. This will enable the Welsh Government to be held to account for the direct impact of its policies.

Welsh Government response: Accept

Many Welsh emissions occur in areas which aren't devolved so the UK Government has a very significant role to play in helping us to achieve the Welsh targets. Emissions from non-devolved areas, like the EU Emissions Trading Scheme (ETS), accounted for nearly 60% of Welsh emissions in 2016. However, there are many areas, such as agriculture, buildings and forestry, where we can and must act.

The Environment (Wales) Act 2016 requires the CCC to produce a report before the end of 2020 on progress towards meeting Wales' first two carbon budgets, interim targets and the 2050 target. In addition, the Climate Change Act 2008 requires the CCC to lay a report each year in the National Assembly for Wales and other UK legislatures on progress towards meeting the UK carbon budgets and the UK 2050 target. I will ask the CCC to provide an assessment of progress in devolved and non-devolved policy areas in one or both of these reports.

Recommendation 5. The Welsh Government should publish a comprehensive assessment of the cost and anticipated impact of each intervention included in its first Delivery Plan.

Welsh Government response: Reject

The Environment (Wales) Act reflects the National Assembly's intention with regard to proposals and policies for meeting carbon budgets and does not require us to publish an assessment of the cost and impact of each intervention. This is similar to the position in Scotland and at the UK level. Departments are expected to consider the cost and impact of all interventions as part of the policy development process. In addition, we are assessing the contribution of the Plan to the national well-being goals and will publish a sustainability appraisal alongside the Plan.

Recommendation 6. The Welsh Government should seek advice from the UK CCC prior to the purchase and use of offset credits. The Welsh Government should publish any advice it receives from the UK CCC on such matters.

Welsh Government response: Accept in principle

We are focussing on domestic action first to reduce emissions and are not planning to use offset credits to meet the first carbon budget. In its December 2017 advice, the CCC recommended the Welsh Government should seek its advice regarding the role of offset credits in meeting the carbon budgets.¹ Although not required by the Act, the Decarbonisation Ministerial Task and Finish Group has accepted the CCC recommendation. I will publish any advice regarding this matter. The CCC advice focussed on their use and did not discuss seeking advice prior to purchasing offset credits and I do not think it is necessary to do so. Any decisions about purchasing offset credits must be informed by our duty to secure value for money.

Recommendation 7. The Welsh Government should update the Committee on progress of developing successor arrangements for the replacement of the EU-ETS.

Welsh Government response: Accept

Under the terms of the Withdrawal Agreement, the UK's participation in the EU ETS will continue until the end of the Implementation Period, which coincides with the end of Phase III of the EU ETS. The Political Declaration sets out the UK and the EU have agreed to consider options for cooperation on carbon pricing, including an option to link a UK national greenhouse gas emissions trading system with the EU ETS. The details of these arrangements will be a matter for the forthcoming Future Economic Partnership negotiations.

¹ <https://www.theccc.org.uk/wp-content/uploads/2017/12/CCC-Building-a-low-carbon-economy-in-Wales-Setting-Welsh-climate-targets.pdf> p.60

We continue to work with the other UK nations to consider a range of options, including continuing to participate in the EU ETS into Phase IV, a UK ETS (linked or standalone) or a carbon emissions tax. We intend to consult jointly on our future approach to carbon pricing during 2019.

A handwritten signature in blue ink that reads "Regards" on the top line and "Lesley" on the bottom line. The signature is fluid and cursive.

Lesley Griffiths AC/AM

Gweinidog yr Amgylchedd, Ynni a Materion Gwledig
Minister for Environment, Energy and Rural Affairs

Agenda Item 3.5

Ken Skates AC/AM
Ysgrifennydd y Cabinet dros yr Economi a Thrafnidiaeth
Minister for Economy and Transport



Llywodraeth Cymru
Welsh Government

Eich cyf/Your ref
Ein cyf/Our ref

Mike Hedges AM
Chair
Climate Change, Environment and Rural Affairs Committee

SeneddCCERA@assembly.wales

16 January 2019

Dear Mike

Thank you for your letter of 30 November 2018 enclosing a copy of the Climate Change, Environment and Rural Affairs Committee's report on the Welsh Government Draft Budget 2019-2020.

Please find attached my formal response to each recommendation.

Yours sincerely

Ken Skates AC/AM

Ysgrifennydd y Cabinet dros yr Economi a Thrafnidiaeth
Minister for Economy and Transport

Written Response by the Welsh Government to the report of the Climate Change, Environment and Rural Affairs Committee on the Welsh Government Draft Budget 2019-2020

There are thirteen recommendations in the report. These recommendations can be grouped into six categories: Decarbonisation, air quality, highway investment, M4 Relief Road, the National Infrastructure Commission for Wales and Transport for Wales (TfW). Detailed responses to the report's recommendations are set out below.

Recommendation 1

The Committee recommends that the Cabinet Secretary should clarify how businesses seeking investment as part of the economic contract are required to demonstrate their commitment to reducing their carbon footprint.

Response: Accept

I am enclosing a document at Annex 1 which sets out definitions against each of the Economic Contract criteria and an illustrative example of the sort of examples we seek from business as evidence of their commitment.

Recommendation 2

The Committee recommends that the Cabinet Secretary should provide further information about the awards that have been made under the decarbonisation Call for Action. This should include information about whether the primary purpose of the awards fall under the decarbonisation Call to Action, or whether these are awards made under other Calls to Action but also relate to decarbonisation.

Response: Accept

Any awards made under the decarbonisation Call to Action will by definition have decarbonisation as its primary purpose. We have awarded funding to two projects under the decarbonisation Call to Action to date.

Recommendation 3

The Committee recommends that the Cabinet Secretary should report back to this Committee within the next six months on the uptake of funding under the decarbonisation Call to Action. This should include information on any steps that have been taken to encourage uptake.

Response: Accept

I will provide Committee with updates summarising the overall numbers of projects supported and funding awarded under each of the Calls to Action. I will provide

those updates at six monthly intervals at the end and mid-year point of each financial year.

Recommendation 4

The Committee recommends that the Welsh Government should report back to this Committee within the next six months on progress of the development of an electric vehicle charging point network and its plans for further development in this area.

Response: Accept

The Minister for Economy and Transport's Written Statement of 11 October 2018 referred to the aim that Transport for Wales would go out to procurement in Spring 2019, when Assembly Members would be updated further.

Recommendation 5

The Committee reiterates their 2018 recommendation that the updated Wales Transport Strategy should include targets and mechanisms to monitor air quality in Wales, with specific reference to locations such as schools and hospitals. We believe this should also include public parks.

Response: Reject

The Wales Transport Strategy is a policy document. The Welsh Government will be publishing a Clean Air Plan for Wales during 2019 which will identify key pollutants, their effects on public health and the natural environment in Wales and what actions needs to be taken to improve air quality. The Transport Strategy will highlight where measures being taken will support air quality improvements in Wales. Details of transport policy measures to support reductions in air pollution will be set out in the Clean Air Plan for Wales. Transport and Air quality officials are working closely together in the development of both documents.

Recommendation 6

The Committee recommends that the Welsh Government should report back to this Committee within 6 months on progress in addressing Roadside Nitrogen Dioxide Concentrations. This should include an assessment of the impact of 50mph limits in specified locations.

Response: Accept in Principle

Whilst data is being collected on a monthly basis, the full effects of the 50mph speed limits will not be known until full 12-months worth of data has been obtained and analysed. This will not be available until September 2019 at the earliest. However, updates in respect of progress on the 'Action Plan' and 'Precautionary Retained Measures' as outlined in the supplemental plan to the UK plan for tackling roadside nitrogen dioxide concentrations will be available when required.

Recommendation 7

The Committee recommends that the Welsh Government should report back to this Committee within the next 6 months on its plans in relation to 20mph limits.

Response: Accept

We are continuing to work with partners to explore the options offered by the devolution of powers relating to national speed limits in Wales. We will work with Public Health Wales and Cardiff Council to understand the impact of the implementation of 20mph zones across large parts of Cardiff, and if the implementation of 20mph limits, investments in active travel including the funding of on street cycle hire and strategic cycle routes together have the potential to deliver improvements in road safety, air quality and increased take up of active travel modes. Using the lessons learnt from developments in Cardiff we will also review our guidance on setting local speed limits to assess if it is still fit for purpose in light of the devolution of powers to set speed limits.

As part of the forthcoming work, the costs that would arise from changing national speed limits will be assessed.

We will update the committee on progress with this issue within the next 6 months.

Recommendation 8

The Committee recommends that the Welsh Government should report back to this Committee within the next six months on the progress of the “Green Corridors on the Welsh Trunk Road Network” initiative.

Response: Accept

Regular reporting on the progress of this initiative is already planned.

Some of the initiative’s original proposals require further investigation and more detailed planning which might require additional resources and would be subject to further Ministerial submissions and approval.

Recommendation 9

The Committee recommends that the Welsh Government should report back to this Committee within 6 months on the status of any reviews relating to WelTAG 2017.

Response: Accept

WelTAG 2017 was published in December 2017. It replaced WelTAG 2008 and should be applied to all transport interventions that require Welsh Government support. Any schemes that were being developed using WelTAG 2008 at the time were expected to move over to WelTAG 2017 at the earliest convenient point. Following its first year of use, we are reviewing the application of the guidance. This will enable us to identify any areas where further guidance and support is required.

Some of the recommendations of the review may require additional resources and would be subject to further Ministerial submissions and approval.

We will update the committee on progress within the next 6 months.

Recommendation 10

The Committee recommends that the Welsh Government should clarify the status and governance arrangements of the National Infrastructure Commission. This should include an explanation of how it can be subject to provisions in the Wellbeing of Future Generations Act, despite not being listed as a public body for the purposes of that legislation. It should also explain how the Commission is subject to the requirements of the Environment (Wales) Act.

Response: Accept

The detailed working arrangements of the National Infrastructure Commission for Wales (NICW) will be published on the NICW website once agreed between the Welsh Government and the NICW. These will clarify the status and governance arrangements of the NICW, including its status in relation to the Well-being of Future Generations (Wales) Act 2015 and the Environment (Wales) Act 2016.

Recommendation 11

The Committee recommends that the Well-being of Future Generations (Wales) Act 2015 should be amended to include the National Infrastructure Commission as a public body in Section 6 of that Act.

Response: Reject

The National Infrastructure Commission for Wales (NICW) was established as an independent, non-statutory advisory panel to Welsh Ministers. Since the NICW is not a “public authority”, does not have an independent legal status and does not exercise statutory “functions”, the most appropriate way to ensure its engagement with the Well-being of Future Generations Act is to require it to consider the requirements of the Act via the working arrangements agreed with Welsh Government.

As the role of the NICW is to provide advice to the Welsh Government (on the exercise of its functions), a decision to implement (or reject) any such advice will of course require the Welsh Government to comply with its statutory duties under the Well-being of Future Generations Act.

Recommendation 12

The Committee recommends the Welsh Government should clarify the status and governance arrangements of Transport for Wales (TfW). This should include an explanation of how it can be subject to provisions in the Wellbeing of Future Generations Act, despite not being listed as a public body for the purposes of that

legislation. It should also explain how TfW is subject to the requirements of the Environment (Wales) Act.

Response: Accept

The status and governance arrangements of TfW are published on the Welsh Government's and the Company's websites. However, the Welsh Government will undertake a review of this information and publish further detailed guidance. This will also clarify its status in relation to the Well-being of Future Generations (Wales) Act 2015 and the Environment (Wales) Act 2016.

Recommendation 13

The Committee recommends that the Well-being of Future Generations (Wales) Act 2015 should be amended to include Transport for Wales (TfW) as a public body in Section 6 of that Act.

Response: Reject

Delivery against the Wales' well-being goals is embedded in the Welsh Government's governance structures, initiatives and policy making. TfW was established under the Companies Act (2006) and is fully accountable to the Welsh Ministers as a wholly owned subsidiary company limited by guarantee. The Welsh Government retains ultimate responsibility for transport matters but is able to ask TfW to carry out activities on its behalf. In remitting TfW to deliver specific activities on its behalf the Welsh Government requires that the Company maximises its contribution to achieving the well-being goals set out in the Well-being of Future Generations (Wales) Act (2015). Through the Management Agreement governing the relationship between the Welsh Government and TfW, the Company is required to establish the well-being objectives. These will be published by TfW within their Company Business Plan.

Ken Skates AM, Cabinet Secretary for Economy and Transport