



Cynulliad Cenedlaethol Cymru **The National Assembly for Wales**

Y Pwyllgor Amgylchedd a Chynaliadwyedd **The Environment and Sustainability Committee**

Dydd Mercher, 19 Hydref 2011
Wednesday, 19 October 2011

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Inquiry into Energy Policy and Planning in Wales—Evidence from RenewableUK Cymru

Craffu ar Waith Gweinidog yr Amgylchedd a Datblygu Cynaliadwy
Scrutiny of the Minister for Environment and Sustainable Development

Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynndi yn y pwyllgor. Yn ogystal,
cynhwysir cyfieithiad Saesneg o gyfraniadau yn y Gymraeg.

These proceedings are reported in the language in which they were spoken in the committee.
In addition, an English translation of Welsh speeches is included.

Aelodau'r pwyllgor yn bresennol**Committee members in attendance**

Mick Antoni	Llafur Labour
Mark Drakeford	Llafur (yn dirprwyo ar ran David Rees) Labour (substituting for David Rees)
Yr Arglwydd/Lord Elis-Thomas	Plaid Cymru (Cadeirydd y Pwyllgor) The Party of Wales (Committee Chair)
Rebecca Evans	Llafur Labour
Vaughan Gething	Llafur Labour
Russell George	Ceidwadwyr Cymreig Welsh Conservatives
Llyr Huws Gruffydd	Plaid Cymru The Party of Wales
Julie James	Llafur Labour
Eluned Parrott	Democratiaid Rhyddfrydol Cymru (yn dirprwyo ar ran William Powell) Welsh Liberal Democrats (substitute for William Powell)
Antoinette Sandbach	Ceidwadwyr Cymreig Welsh Conservatives

Eraill yn bresennol**Others in attendance**

Christianne Glossop	Prif Swyddog Milfeddygol Cymru Chief Veterinary Officer for Wales
John Griffiths	Aelod Cynulliad, Llafur (Gweinidog yr Amgylchedd a Datblygu Cynaliadwy) Assembly Member, Labour (Minister for Environment and Sustainable Development)
Piers Guy	Pennaeth Datblygu, Nuon Renewables Head of Development, Nuon Renewables
Caroline McGurgan	Rheolwr Prosiect, Eco2 Project Manager, Eco2
Matthew Quinn	Cyfarwyddwr, Amgylchedd a Datblygu Cynaliadwy Director, Environment and Sustainable Development
Llywelyn Rhys	Pennaeth RenewableUK Cymru Head of RenewableUK Cymru

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

Dr Virginia Hawkins	Clerc Clerk
Catherine Hunt	Dirprwy Glerc Deputy Clerk
Graham Winter	Gwasanaeth Ymchwil Research Service

*Dechreuodd y cyfarfod am 9.29 a.m.
The meeting began at 9.29 a.m.*

Cyflwyniadau, Ymddiheuriadau a Dirprwyon Introductions, Apologies and Substitutions

[1] **Yr Arglwydd Elis-Thomas:** Bore da, a chroeso i bedwaredd sesiwn dystiolaeth ein hymchwiliad i bolisi ynni a chynllunio. Estynnaf groeso arbennig i Llew Rhys, Piers Guy a Caroline McGurgan. Diolch yn fawr i chi am eich papur. Cyn imi alw am eich tystiolaeth a gofyn a oes gennych unrhyw sylwadau pellach i'w gwneud, hoffwn ddatgan bod gennym ddirprwyon yn ein cyfarfod heddiw gan fod David Rees a William Powell wedi ymddiheuro. Croesawaf Mark Drakeford ac Eluned Parrott, sy'n dirprwyo ar eu rhan. Diolch yn fawr i chi am eich presenoldeb.

Lord Elis-Thomas: Good morning, and welcome to the fourth evidence session for our inquiry into energy policy and planning. I extend a warm welcome to Llew Rhys, Piers Guy and Caroline McGurgan. Thank you very much for your paper. Before I ask you for your evidence and ask you if you would like to make any further comments, I should state that we are joined by substitutes today as David Rees and William Powell have sent their apologies. I welcome Mark Drakeford and Eluned Parrott, who are substituting for them. Thank you very much for your attendance.

9.29 a.m.

Ymchwiliad i Bolisi Ynni a Chynllunio yng Nghymru—Tystiolaeth gan RenewableUK Cymru Inquiry into Energy Policy and Planning in Wales—Evidence from RenewableUK Cymru

[2] **Yr Arglwydd Elis-Thomas:** Fe'ch gwahoddaf i wneud cyflwyniad byr.

Lord Elis-Thomas: I invite you to make a short introduction.

[3] **Mr Rhys:** Diolch yn fawr am y gwahoddiad i ddod yma heddiw. Yr wyf yn cynrychioli RenewableUK, sy'n cynrychioli cwmnïau sydd â diddordeb mewn datblygu prosiectau ynni adnewyddadwy, yn cynnwys ynni gwynt, llanw a thonau. Mae dau aelod o'r sefydliad hwn yn bresennol i roi mwy o wybodaeth i chi, ac yr wyf hefyd yn fodlon ateb unrhyw gwestiynau ar y dystiolaeth a gyflwynwyd, yn enwedig ar y polisiau ynni a'r fframwaith cynllunio.

Mr Rhys: Thank you very much for the invitation to come here today. I represent RenewableUK, which represents companies with an interest in developing renewable energy projects, including wind, tidal and wave energy. Two members of this institution are present to give you more information, and I am also willing to answer any questions on the evidence submitted, especially on the energy policies and the planning framework.

9.30 a.m.

[4] I ddechrau, yr wyf am wneud sylwadau eang ynglŷn ag ynni adnewyddol. Yr ydym yn byw mewn cyfnod lle mae ymgyrch i gynhyrchu mwy o ynni glân. Yn sicr, bydd pethau'n wahanol iawn yn y degawdau sydd i ddod; mae pethau'n cael eu gyrru ymlaen gan yr angen i ymateb i newid yn yr hinsawdd, i ddiogelu cyflenwad ynni, a hefyd i fynd i'r afael â thlodi tanwydd. Gall y

To begin, I wish to make some broad remarks regarding renewable energy. We live in a period where there is a campaign to produce more clean energy. Certainly, things will be very different in the decades to come; things are driven by the need to respond to climate change and to secure energy supply, as well as addressing fuel poverty. These changes can be positive with regard to moving

newidiadau hyn fod yn rhai positif o ran newid at gynaliadwyedd, sydd yn rhan o gyfansoddiad y Cynulliad ac felly ein cenedl.

towards sustainability, which is part of the Assembly's constitution and therefore our nation.

[5] Mae Cymru mewn safle cryf i fanteisio ar y symud hwn tuag at gynaliadwyedd a'r byd carbon isel oherwydd ein hadnoddau naturiol. Mae canolbwyntio ar gynhyrchu ynni carbon isel, yn enwedig drwy gynhyrchu trydan adnewyddol, yn mynd i fod y ffordd gyflymaf a mwyaf swmpus o gyfrannu at leihau allyriadau carbon. Felly, mae gwir angen am ynni adnewyddol, ac mae gan Gymru yr adnoddau naturiol i'w gynhyrchu. Mae'n amlwg bod cyfle economaidd enfawr i Gymru, i gwmnïau bach a mawr, rhyngwladol a Chymreig, i weithlu Cymru, ac i gymunedau a'r genedl gyfan.

Wales is in a strong position to take advantage of this move towards sustainability and the world of low carbon because of our natural resources. Focusing on the production of low energy, especially through the production of renewable electricity, will be the quickest and, with regard to volume, greatest means of contributing towards reducing carbon emissions. Therefore, there is a real need for renewable energy, and Wales has the natural resources to produce it. So, it is an obvious that Wales has a huge economic opportunity, for small, big, international and Welsh companies, the Welsh workforce and the nation as a whole.

[6] Yn anffodus, nid ydym yn bachu ar y cyfle economaidd sydd o'n blaenau. Yn wir, yr ydym ar groesffordd: gallwn naill ai symud ymlaen yn bositif gyda'r dechnoleg newydd neu danseilio ymddiriedaeth buddsoddwyr bach a mawr a cholli'r potensial i fanteisio heddiw ac yfory.

Unfortunately, we are not exploiting the economic opportunity before us. Indeed, we are at a crossroads: either we move forward positively with the new technology or we undermine the trust of investors large and small and miss out on the potential to exploit current and future opportunities.

[7] Yr wyf am gyflwyno'n fyr y ddau aelod sydd wedi dod gyda mi.

I wish to briefly introduce the two members who are here with me.

[8] Caroline McGurgan is a project manager for Eco2, which is one of Wales's leading independent renewable energy developers with a range of different projects in Wales, including the country's first commercial-scale biomass project, and also a consented 37.5 MW windfarm on Mynydd y Betws in Carmarthenshire. It is also the main funder and driving force behind Tidal Energy Ltd, a company set up to generate sustainable tidal stream power, with prototype delta stream technology being the first tidal device to be consented in Welsh waters. To date, Eco2 has gained consent for more than 50 MW of renewable energy in Wales, with a diverse development portfolio and in excess of 200 MW in the pipeline projects throughout the rest of the UK and Europe. It is immensely proud to be able to grow while retaining its operational base in Wales. It employs 28 people, the majority of whom are based in Cardiff.

[9] To my right is Piers Guy, head of development for Nuon Renewables. Piers was born in Wales but now regards himself as Cornish. He has worked on projects in Wales since the mid-1990s. Nuon Renewables is a leading publicly-owned international renewable energy company. It is a company with the highest sustainability and corporate social responsibility credentials, and it has been a major investor in Wales since 1996, having invested around £35 million in the Welsh economy through its portfolio of projects to support the delivery of the Welsh Government's renewable targets and its vision for a sustainable Wales.

[10] **Yr Arglwydd Elis-Thomas:** Diolch yn fawr am y cyflwyniad cadarn hwnnw, Llew. Yr oedd Antoinette Sandbach a fi, o'r pwyllgor, a chithau'r tystion mewn

Lord Elis-Thomas: Thank you for that robust presentation, Llew. Antoinette Sandbach and I, from the committee, and you the witnesses were at a conference at the

cynhadledd yn y Ganolfan Dechnoleg Amgen ger Machynlleth ddydd Llun, lle clywsom feirniadaeth eithaf cryf o'r sefyllfa ynglŷn â buddsoddi yng Nghymru. Felly, carwn glywed gan Caroline a Piers am y ffactorau sy'n rhwystro datblygiad rhag cael ei gyflawni ar hyn o bryd yng Nghymru. Siaradwch mor blaen ag y mynnwch, oherwydd bydd popeth a ddywedwch yn y pwyllgor o ddefnydd i'n hadroddiad.

Centre for Alternative Technology near Machynlleth on Monday, where we heard quite strong criticism regarding the investment situation in Wales. So, I would like to hear from Caroline and Piers about the factors currently hindering development in Wales. You may speak as plainly as you like, because everything that you say in the committee will be useful for our report.

[11] **Mr Guy:** Thank you for having me this morning. As you have heard, we have made a major investment in Wales, based on what was, at the time, a clear set of policies and an ambition to be a leader in renewable energy. It was that clarity and sense of purpose that enabled me and others to corral that investment and move forward in Wales. It helped, not only with investing in our own projects, but to develop what was, and to a certain extent, still is, a nascent renewable energy industry in Wales. By now, that clarity and ambition seems to have, partially, evaporated. We are facing a more difficult set of issues. That sense of purpose seems to have disappeared. One of the main side factors, not part of Welsh policy but a global fact, is that renewable energy is an endless resource—that is the beauty of it—but financial capital is certainly not. We find ourselves in a position where we are competing internationally for capital for projects at a time when capital is short; it is difficult to raise finance. There is competition. I work for a publicly owned company based in Sweden that has renewable energy interests all over Europe, and we have to regularly compete with projects all round Europe. In Wales, we have moved from a position where we were happy to invest and had a clear sense of purpose, to a position where I have to defend our position and there is talk of freezing investment completely to wait for what appears to be almost insurmountable issues to be resolved. That would be a disaster for my organisation in Wales, and from the Welsh perspective it would be a real missed opportunity. It would take a long time for Wales to catch up with investment made elsewhere in Europe, or elsewhere in the UK—Scotland is an obvious example of where there is still clarity and a sense of purpose. I will stop there and we will go into the details of the issues in a moment.

[12] **Ms McGurgan:** I am a project manager for Eco2. I manage some of our smaller wind-energy projects in Scotland and Wales. One of the major issues that we have found in Wales, in particular, is that the delivery of projects remains slow and unpredictable. The time taken for planning applications to be determined is almost twice what is experienced in Scotland and England. We are still developing some projects in Wales, but the speed of progress has been much greater for our applications in Scotland, England and throughout the rest of Europe. That has driven our interest in those areas.

[13] **Lord Elis-Thomas:** To what do you attribute the difference between the situation in Wales and the rest of Europe? Please speak freely.

[14] **Ms McGurgan:** It is a lack of ambition or a lack of resource, in terms of time, expertise and the conviction to be able to see the projects through. My experience of local authorities in Wales is that they are nervous and deliberate a lot. There does not seem to be the same conviction to get it done as I have experienced with my projects in Scotland.

[15] **Mr Guy:** We have a number of issues that we can go through in some detail, if that is what you would like. The first thing, from a planning perspective, is that we have the technical advice note 8 planning policy and we have had subsequent announcements—basically, a bolstering of that policy ever since TAN 8 was published. There has been a continuing increase in ambition, but with regard to delivery on the ground—as Llywelyn said in his submission, there was an ambition for around 800 MW by 2010 and consent, I think, is

at 183 MW—there is a large difference between the ambition and reality.

[16] At one level, the industry is aware that the Welsh Government has provided a framework, but has never backed it up with real initiatives to get the thing moving on the ground. I would contrast it with Scotland, where there is a new Scottish renewable energy route-map. If you look through it, you will see that, wherever they suggest a policy, below it is a detailed section telling you exactly what the Scottish Government will do to help implement that policy and make it a reality. That has been a frustration, from my perspective, in that we have had ever-increasing ambitious targets but with a lack of resource on the ground for the consultees. We see consultees like the Countryside Council for Wales not being resourced properly to be able to cope with the amount of activity. We see local authorities, particularly Powys, with stacks of planning applications but without the capacity to be able to deal with them.

[17] We see a real issue with transport. I do not think there is any argument about that, driven by the fact that there is no grid in mid Wales. That means that, if and when the grid comes, people would want to build at the same time, and that will not be possible. The grid networks need to be planned so that we minimise disruption. To a certain extent, these issues have been poked with a long stick, rather than grappled with, with a sense of purpose.

[18] **Mr Rhys:** I would like to reiterate that there has been a constant drive up in targets over the last half a decade, since TAN 8 with its targets of an additional 800 MW. That was driven up to 2,500 MW by the renewable energy route-map of 2008, and it then came down a bit to 2 GW in the low carbon revolution of 2010. There has been an even greater jump in the ambitions, because we are starting from such a lower base, in marine energy—wave and tidal energy. The Government here has an aspiration that those forms of energy, including the Severn estuary development, will deliver up to 50 per cent of our targets. There has been a constant drive in targets. However, there has not been, in my view, a clear sense of how to deliver those rising targets. It is very much hands-off in the planning system. The planning system remains tailored for those initial targets, but the targets have nearly doubled in that time. The planning system is going to remain the same, and there might be a perceived lack of leadership in driving through these targets.

[19] **Lord Elis-Thomas:** Where do you perceive the lack of leadership to be?

9.45 a.m.

[20] **Mr Rhys:** If you have a target and a policy, there is responsibility from the top down, but also from the grass roots up. There has been a lack of imposing a clear direction on, say, local authorities, which have responsibility in the first instance for determining projects in terms of windfarms under 50 MW. After TAN 8 was launched, we went into a two-year period when local authorities tried to refine the areas identified in TAN 8. That was tremendously wasteful, and basically created uncertainty from the beginning. We started with that and had to revert back, in the end, to the original areas. As we have heard, infrastructure problems have arisen in the delivery of this, and there is really no sense of who is delivering on what, and to what timetable. The latest set of targets, which were the TAN 8 targets, seem to have been forgotten—they have been missed by a long way. There is only 22.5 per cent delivery on that, and no-one is taking any responsibility for those targets. These are targets for way in the future—2025—but we have to recognise that we are failing now.

[21] **Rebecca Evans:** Picking up on Caroline's point about the commitment that local authorities show to renewable projects, you say in your evidence that the Welsh Government should use its call-in powers to determine associated development applications, and that this is particularly relevant in the case of renewable energy proposals. I am wondering why that should be the case, and what effect that would have on decisions.

[22] **Mr Rhys:** That was only in our paper. What we are saying in terms of call-in powers is that some projects have been called in in the recent past, but in terms of where responsibility lies for determining projects, the larger projects at the moment are going to be determined by the Infrastructure Planning Commission, and then will go back to the Department of Energy and Climate Change. However, the situation in Wales is different to England, Scotland and Northern Ireland—the strategic associated developments that make those projects possible are determined in the first instance by the local authority. Local authorities have one part of the determining powers, and another authority has the other part. It is a mismatch, is it not? It is not a strategic way of doing things. As I say, it is different in Scotland, for example, where it is usually the Scottish Government that takes a decision about large windfarms, the grid and substations. In England, it would all be done by the IPC, but in Wales we have different authorities deciding on different things.

[23] **Rebecca Evans:** I was interested to read about the two projects that you are undertaking to explore the impacts of wind turbine component movements in mid Wales. Where are you with those projects? What sort of findings have you come up with so far?

[24] **Mr Rhys:** The background to those two projects is that companies in the industry compete against each other, but nevertheless, through RenewableUK, they come together to collaborate, to find practical engineering solutions to the frustrations and infrastructure questions that arise. That is exactly what has happened in terms of the transport issues. We have come together and built a transport assessment tool that is, in simplistic terms, building up a diary of the most appropriate times for turbine movement across mid Wales, and who wants to move when. Just for clarity, that would hopefully be used in the end by the authorities—the local authority or the police—to decide on the most appropriate time to give permission for movement. The other piece of work on transport is working to identify what is called a strategic transport management plan, identifying main routes into these strategic search areas where the vast majority of large windfarms will be located. You identify the route and the upgrades, if needed, and also identify when they are going to be used.

[25] **Eluned Parrot:** I would like to return to one issue that you raised early on, which is the speed—or lack of speed—of the planning process in Wales being a barrier to achieving targets. One characteristic of the planning process is that if there is serious public disquiet and if people do object, that will slow down the planning process considerably and act as a disincentive for the local authority to give a quick, positive answer to a planning application. What do you feel that the role of the Government could be in winning over the hearts and minds of people living in communities where windfarms are proposed? What role do you feel that the industry could play in gaining public trust?

[26] **Mr Guy:** I will give a few examples from our portfolio to illustrate the issues that we have with planning delay. We have two projects in mid Wales, one in an area C and one in an area B, which are two of the three strategic search areas in mid Wales.

[27] We started working on the first project, I think, in 2004. They both went into planning in October or November 2007. One of them, Llanbadarn Fynydd, has no statutory objections and, yet, it is now October four years later and we still have no news on when it will go to committee for approval or anything. It has not, in itself, had a great deal of public opposition. However, it has been caught up in the issues to do with transportation and the concerns about that. It has had a grid connection offer for two years. So, in any normal circumstances, that project should at least have gone to committee—it may have been refused, but it should have at least gone to committee. We have a similar example in area B. Mynydd Waun Fawr is another project that went in the same time. So, we are looking at a four-year delay without even having a first determination from the authority.

[28] On the counter, we have a project in south Wales, Pen y Cymoedd, which is a very large project in area F—part of the Forestry Commission’s programme. That project was submitted in 2009 and it is now going to the Department of Energy and Climate Change for determination, having been through Neath Port Talbot and Rhondda Cynon Taf councils this year, without any objections. That is a time frame that is much more what one would expect. However, it does not have issues related to transport or waiting for a grid connection. So, you are absolutely right that where you have public opposition and issues, you get delays, and that is understandable. Does anyone else want to come in on that?

[29] **Ms McGurgan:** We have had similar experiences. With some local authorities it has been purely a lack of resource: they have been unable to juggle more than one major application at a time, and that has caused major delays. One of our projects was with a local authority for two and a half years: it was a 5 MW scheme. It did not have much local opposition—it had an equal number of supporters and opponents—and that was due to just a lack of resource in the local authority.

[30] It is about making communities aware of the social and economic benefits that wind energy projects can bring: the jobs that they can bring during construction and operation, and the influx of workers—environmentalists and project managers like me—who have to come to stay in those areas. There are also the community benefit packages that we can offer to those communities. It is important that the industry and local authorities try to bring out that message as much as possible to the communities.

[31] **Eluned Parrott:** What have you done to bring that message to communities where you are hoping to invest?

[32] **Ms McGurgan:** We always do things such as hold public exhibitions and conduct as much public consultation as possible; we knock on doors and put leaflets through doors. We try to be as imaginative as we can to bring that message home, because we understand that that is fundamental to moving our industry forward.

[33] **Mr Rhys:** In terms of winning hearts and minds, it is a challenge for the industry and also the Government. We have to work together on that. Fundamental to that is showing and explaining the need for renewable energy and also showing the opportunities that arise from renewable energy. A few projects have faced opposition in the past, for example, some of the offshore windfarms, such as Gwynt y Môr off the north Wales coast. That was opposed, but, once it was determined, that opposition vanished. People then looked for the opportunities available to the local economy and supply chain, and also the national economy. The same is probably true of your project in Pen y Cymoedd, where some concerns were expressed initially, but once those were addressed, people recognised that it was a new form of power and that they could benefit from it. So, it is a challenge for us as an industry, with the Government and other stakeholders, to show that opportunity.

[34] **Mr Guy:** In specific terms, people do not want a company to turn up and say, ‘This is what we’ve got. We’ve designed this. Isn’t it wonderful? Will you please support it?’. They want, in my experience and in our company’s experience, to discuss possibilities. So, one needs to go in early during the process to talk about the potential, before getting to the point at which one has a complete design, a complete community benefits package and so on. You need to go in with as blank a sheet of paper as you can, find out what people are concerned about, and give them the opportunity to feed back properly into that system. You need to lay out a proper programme of consultation, so that people know what opportunity they have to feed into the process and so that they can expect to see the impact and effect that their feedback has had on the shaping of a proposal. That is critical, because, otherwise, people feel that they are not being listened to, that they are not involved and that it is already a done deal. Therefore, developers must be prepared to be extremely flexible, within reason, in providing

solutions to people's concerns. So, that is very much the way that we have built it up.

[35] We have also been aware that talking about climate change and the fact that doing this is in our global interest is not enough. People are happy to support renewable energy in general, they understand that it is important and that it should be generally supported, but they also want to know, if it is going to be done in their community, using their local resource, effectively—because renewable energy will always have to be where the resource is—what is in it for them. That is perfectly understandable and right. So, that is how you engage at that level. We do not push the environmental aspect to one side. We have to ensure that the proposals are environmentally sound and we have to deliver what we say that we will deliver environmentally. However, we also need to be clear about our commitment to the community in terms of employment creation, community benefit packages and, ideally, some local manufacturing or, at least, local operation units and so on, so that people can see that there is something in it for them. They may not be over the moon at the thought of a change to their landscape, but they agree with renewable energy in principle, they know that it has to happen somewhere, and there are lots of good stories to be told and good experiences to be gained from having a renewable energy project in their back yard. There are plenty of examples in Scotland and in Wales, for example, Carno, where the community has really benefited from having a renewable energy project.

10.00 a.m.

[36] On your question about what the Government can do, I think that, if you have a policy like TAN 8, you must consult properly in the first place, to be frank. Our experience is that, when we start talking to people, a lot of people are completely unaware of the fact that their area has been designated as a TAN 8 area. So, in a sense, it was left to the industry, in a very piecemeal, ad hoc and uncontrolled manner, to try to deliver the message to people by asking whether they knew that their area was designated and telling them that, under planning policy, there would be large-scale landscape change in their area. That is what it was like. So, the problems occurred quite early on because of a lack of consultation from the Government. We cannot do much about that, because that has passed, but the Government now needs to take a leadership role in explaining to people exactly what this means. It needs to work with the industry to give a reassurance that, in the first place, the development will be properly controlled, secondly, there will be some development, which will need to be controlled—there needs to be some leadership on that matter—and, thirdly, there will be benefits for the community, which are in the form of this, that and the other.

[37] **Lord Elis-Thomas:** Does the document, 'A Community Commitment: The Benefits of Onshore Wind', dated February 2011, apply to Wales? I can see that an important manufacturing company in north Wales is included in it—I will name it: Jones Bros, which is a major builder of wind turbines—but I cannot see any Welsh Ministers or anyone else featured in this document.

[38] **Mr Rhys:** That is right, Chair, that is a RenewableUK document. It is our community benefit protocol, which is a voluntary code that applies in England. In Wales, we hope to have our own protocol, given that Wales is different due to its different planning process. The interest of the Government and other political parties in the Assembly is great. The community benefit is a payment, but it can also be much more than that, and we are trying to work with the Welsh Government to encapsulate that, so that we understand its ideas about community benefit and what the industry should follow as guidance. So, we do plan to have our own separate protocol for Wales.

[39] **Lord Elis-Thomas:** It would be helpful, as you are doing that, to allow us to have anything that you have on that.

[40] **Mr Rhys:** I am more than happy to consult members of this committee before I attempt to write a draft of the protocol. That is what I also intend to do with the Government. I need input and ideas. We need a strong protocol for the industry. A strong protocol is much better than a weaker one; I would rather have no protocol than a weak protocol.

[41] **Lord Elis-Thomas:** Antoinette is next; she has been very patient.

[42] **Antoinette Sandbach:** I have asked a number of questions of the First Minister on the protocol for community benefits, so I encourage its development very much because there is a need to bring communities with you. The point that you made about the lack of consultation in relation to TAN 8 is important. On that basis, I want to move forward because you have highlighted in your paper another potential glitch in the system relating to statutory consultees. You state that,

[43] ‘Statutory consultees often frustrate developments despite clear planning guidance and renewable energy targets having been established by governments. Any potential merger between separate statutory bodies may lead to conflict of interest questions between public landowners, assessors and regulators.’

[44] We are talking here about the Environment Agency, CCW and the Forestry Commission. Will you highlight your concerns in relation to that potential merger, where you see the conflicts arising and on where the blockages are in that system? That would be helpful.

[45] **Mr Rhys:** In terms of the wording of our paper, whoever has an authoritative opinion, be that a local authority or a statutory consultee, the industry is always looking for a fair, clear and consistent approach in their views on development. That is as true of statutory consultees as it is of local authorities. You have to be consistent throughout, whether you are a statutory consultee, such as CCW, or whatever. We have a statement of understanding with CCW, so we are trying to work with it and it is trying to put its efforts into having a consistent approach. The developers are committed to bringing projects to it early and working on the environmental issues.

[46] With regard to the comments about the single environment body, I would not go so far as to say that we have concerns and are opposed to that move. We are involved, and, we hope, will be consulted on how things move forward. The comments reflect the potential conflict of interest. It is a matter of bringing it to your attention. Forestry Commission Wales, for example, is a landowner that will have windfarms on its land. As the landowner, it will receive payment. Therefore, it will support those developments. On the other hand, CCW will have views on those developments. It will have to make environmental and landscape assessments and so on. Environment Agency Wales also has a role to play in that. So, there is a regulatory side, a commercial side and a delivery side. It is important to have this discussion from the start. I know that it affects not only renewable energy projects, but other issues as well. It is not insurmountable, but we need to be aware of the issues from the start and try to work out what the arrangements of a single environment body would be.

[47] **Antoinette Sandbach:** So, what would you suggest to overcome the various complexities? What would give you guidance? If they are merged and that discussion is internal rather than public you have no opportunity, as I see it, to see where the tussle is.

[48] **Mr Guy:** It is interesting. The example I gave was that, if you are trying to consult the local community, you do not present a largely finished product and try to sell it to them. In a sense, I see the single environment body in a similar way. It seems that the decision has been made to create an SEB and, now, we are in a process of trying to convince ourselves that it is the right idea or plan. Surely, it would have been better to have started with a set of issues

or problems. One hypothesis might have been to create a single environment body to see whether that would address some of these issues. Then, we could have had a discussion about that, rather than saying that we are going to form the body and then discussing how that might happen. I think that the cart has been put slightly before the horse. For example, in dealing with the Forestry Commission, which is a commercial organisation, we are able to have commercial discussions. That is very different from having discussions with CCW or the Environment Agency. Our biggest concern, as a commercial entity, is whether we will still be able to have those sorts of discussions. There are commercial arrangements with the Forestry Commission and private companies throughout Wales and beyond, so one wonders how those potential conflicts will be managed. That is a concern of ours as an option holder of land with the Forestry Commission.

[49] The other concern is that there is potential for less transparency with a single environmental body. At the moment, we are able to consult experts from CCW on particular matters and get their expert opinion directly. Although they are not always as forthright as you hope and it can be very tortuous, in the end, one normally gets to a reasonable position of understanding at least—not necessarily agreement, but understanding. My concern with the single environment body is that, because it will be a much bigger body, the discussions between the Environment Agency and experts within the Countryside Council for Wales will go on behind closed doors. That will make early engagement—which we have always said is so important in these processes—more difficult for developers. It is only a concern and it may be overcome, which I think it will if it can be organised properly. However, it is certainly a concern that we have. I wonder whether the Forestry Commission fits. I can see that merging the Countryside Council for Wales and the Environment Agency makes more sense.

[50] **Mick Antoniw:** To take you back to community benefit, I can see how, for example, land owners will benefit from the payments made to them. However, for the majority of people, there are no benefits in that sense. Where is the community buy-in? In all the representations that I have seen on this, people feel that they are presented with an end product and that there is no long-term, strategic buy-in. Can you expand on that and give us some examples of where you have seen a long-term buy-in by a community to having one of these developments?

[51] **Mr Guy:** Landowners will benefit and it is important to say that the industry is not completely uniform. Different developers have completely different approaches and have a different approach to design and consultation. Therefore, even in the same strategic search area, you may have different approaches to various issues. That is the first point that I wanted to make. I can give you examples of where I feel we have strong community buy-in. For example, for the Pen y Cymoedd project we had less than 20 objections in the Neath-Port Talbot area and between 20 and 30 in Rhondda Cynon Taf. That is it. We have had more objections for single turbines in other areas. That was where we got to and we had continuous and positive feedback from the community about the proposals that we were making. That was largely led by the fact that we ran a professional and humble consultation process. That ensured that we engaged with people properly and that we made changes to deal with their concerns—which were to do with noise, transportation, habitat and things such as that. We ended up agreeing a 1,500 ha habitat-management plan, including a bog and heathland restoration plan, which was supported by the RSPB. It was the first project that it has ever supported in Wales. Sometimes, it does not object to projects, but the fact that it supported that project shows what can be achieved. That was as a direct result of a consultation that we had held not only with statutory consultees, but with the public, about their concerns regarding the monoculture forestry that was on the site and what the opportunities would be to increase biodiversity and so on. That is the environmental side.

10.15 a.m.

[52] On the social side, we have a community benefit fund of just over £1.8 million per annum. In an area where there is widespread poverty—fuel poverty and all sorts of poverty—this is an opportunity, particularly with match funding, to do some proper regenerative projects: that is, not just reroofing the village hall, but proper strategic regeneration in an area where you can count on a guaranteed, continuous index-linked funding stream for 25 years. In addition to that we worked on the mountain bike side of it, because there were a lot of mountain bike trails there. We have worked with the Forestry Commission to provide new mountain-bike trail opportunities. On the tourism side of things, rather than build a visitor centre, we considered that the best thing that we could do was to help to enhance the local tourism providers that were already there by creating a virtual visitor centre that linked up these various other providers to provide additional information. We were aware that people were very interested. The Whitley project in Scotland had hundreds of thousands of people visit that site in the first year to see what was going on and to learn about renewable energy and so on. So, there are ways of bringing in the local business community and members of the community that are, to a certain extent, disenfranchised by the process.

[53] This is a point that I wanted to make later, but I will make it now: once we got the non-objection through from Neath Port Talbot, we were able to work with its economic development group to set up a big meeting. On St David's Day, 140 companies turned up for us to present the project and the opportunities to local businesses in terms of the construction and ongoing operation of the project. There was a huge amount of interest in that, and a commitment from us that when we procure the project we will make sure that one of the key drivers is local content. We need to make sure that those companies in these areas have the right skills and know what is required of them to be able to bid for these contracts. So, it means working with those communities. To be fair, we did not have a huge amount of opposition from people in the street. However, the councillors recognised the efforts that were being made. As we had not engaged in a selling job with the local community, as it were, we had not raised a lot of animosity. So, people were able to look at the project in a non-polarised way and say, 'How can we maximise the benefits of this project?' and we were able to have grown-up conversations with people about those opportunities. That is all too often virtually impossible to do, as I am sure my fellow witnesses agree, because you usually have such a polarisation of opinion that you are unable to extract the benefits. The benefits are there, but they can be missed and that is a missed opportunity. Does that go some way towards answering your question?

[54] **Mick Antoniw:** It does—

[55] **Lord Elis-Thomas:** We have to move on. Russell George is next.

[56] **Russell George:** I have some questions about the relationship between the national policy statement and TAN 8. Some energy companies have said that recent statements from the Welsh Government on renewable energy policy, particularly on TAN 8, have created some uncertainty. What is your understanding of the relationship between Welsh planning policy, including TAN 8 and the national policy statements? The committee has received evidence from energy companies to suggest that recent Welsh Government statements have created some uncertainty and confusion. Do you share those views, or do you believe that they offered clarification?

[57] **Mr Rhys:** The relationship between the NPS, 'Planning Policy Wales' and TAN 8 is pretty clear to the industry. NPS, through the Planning Act 2008, is the main document, and 'Planning Policy Wales' and TAN 8 sit underneath it. Having said that, the relevant consideration must be made of 'Planning Policy Wales' and TAN 8, including the issue that large scale on-shore projects should be located within strategic search areas. So, that is a strong consideration. It would be difficult to imagine a situation in which that would not be a strong consideration for the IPC, its inheritor, or the developers considering where to site their

projects. That is a strong consideration for them as well. That is being driven by the increased target and pressure from the UK Government to achieve European Union renewable energy targets, which are pretty tight targets to achieve and pretty ambitious. They have set up a structure that says that these are strategic issues for the UK—England and Wales, in this case. So, it is pretty clear for the industry as things stand now.

[58] I think that you were referring to the statements that were made over the summer. These came as a shock to the industry. We were not consulted or notified that there would be a statement or that there would be a change in position. So, it was a bit of a shock and it muddied the waters for a few months. The confusion continues in some regard. It shook the industry's confidence, because suddenly the industry was not really clear about the capacity figures or the targets that the Welsh Government is now aspiring to, or whether it still supported its policy of strategically locating large onshore windfarms in that regard.

[59] It also created confusion about the infrastructure that was required to make those developments possible, namely the grid and the position of the grid. This changed a little. If you read some paragraphs in the renewable energy route-map of 2008, you will see that it was clear that the Government of the day accepted that an upgrade is needed, and even mentions its awareness that a 400 kV line was discussed. So, once again, that was thrown up in the air and there is still confusion regarding the grid issue. The National Grid and the Welsh Government are working hard and are discussing how to move forward. We are also involved in such discussions. There was some confusion about the capacity figures. The letter from the Minister, John Griffiths, has gone some way towards clarifying the capacity issues regarding strategic search areas, but, once again, it is a game-changer in that it has created ceilings.

[60] **Russell George:** You recommend in your paper that there should be new areas suitable for large-scale windfarm development. Why do you suggest that? Can you talk a bit more about that?

[61] **Mr Rhys:** I refer you back to the 'One Wales' agreement of the last Government, which contained a commitment to refresh TAN 8, but not to review it. In talking about refreshing it, the policy that we have had since 2005 has driven the industry and interest in it, and a massive amount of investment has been made in the SSAs that were identified. Those investments must be protected if we are to have any credibility for further developments in the future. However, as I said earlier, since 2005, targets have been increased, but the planning structure has remained the same. So, as well as protecting the interest in those areas and allowing them to progress unhindered, there is debate regarding how we move post-TAN 8 and how we make things easier.

[62] We first expressed our ideas in our response to the consultation on the route-map. We suggested that we need further flexibility and that, while the Government maintains its spatial and strategic approach, we need to increase flexibility to lessen the cumulative impact from concentrating on these areas in the future. So, in that response, we suggested that the Government might look at extending the boundaries of the SSAs, perhaps creating new SSAs in other places, using sterile land and perhaps opening up some land owned by the Ministry of Defence, and consider other opportunities in relation to brownfield sites. We suggested that it should look at a range of options and that it should, perhaps, consider criteria-based sites that are not within the SSAs. If they comply with all of the environmental assessments and impacts, they maybe should be considered. It was just a suggestion on how to move forward on this.

[63] **Russell George:** I want to expand a bit further on what Eluned was questioning you on, in relation to local authorities' capacity to determine applications. You mentioned Powys County Council—I am aware of its situation. What needs to be done to help local authorities in dealing with complex and large energy projects? Also, I understand that the Welsh

Government has provided its own funding to help planning authorities. To what extent is this funding helping?

[64] **Mr Guy:** If there are additional resources in terms of more planning officers, that certainly helps. The situation has got to where it is because nothing has been determined. The case load has just gone up and up. Even if a project was submitted four years ago, planning officers are still working on it because it is still on the file and has not been determined. They still have to take calls from us—usually just badgering them—and still have to chase consultees and so on. If you do not get any throughput, the problem gets out of control. That is what we have. I do not know how many applications are sitting on the desks of people like Steve Packer in Powys, but I would not like to be in his position—he probably has snow on the top of the pile. Why have they not been determined? It is not because of a lack of planning officer capacity. It is because of the wider issues that are associated with it and it is, perhaps, the unintended consequence of the strategic TAN 8 policy to concentrate development. If you concentrate development, you have to have infrastructure. If you do not have the infrastructure and it has to be built, that concentrates the time frame. Then, you suddenly get a bunch of cumulative issues that—I think that I am right in saying this—pretty much have not been dealt with in the UK, or perhaps in Europe, to the same extent as in mid Wales, as a result of that policy.

[65] **Russell George:** How do you help that?

[66] **Mr Guy:** In terms of what the Government can do, we have recognised for a while, before the grid thing blew up—we should definitely discuss that if we have time—

[67] **Lord Elis-Thomas:** On the matter of time, because of the importance of this evidence, I am going to extend this session by 10 minutes.

[68] **Mr Guy:** Thank you. A huge amount of work has been done on the transportation issue. In our view, by and large, individual projects—the professional ones, certainly—have demonstrated that they can reach the site. Indeed, you cannot really apply for planning permission for a project with any credibility if you cannot actually access the site or you do not have control of the land that enables you to make the changes to the highways network to facilitate that. The biggest barrier to Steve Packer and his team has been the transport issue. If I look at the two projects that we have in the planning system in mid Wales, the reason that they have not been determined is largely because of that issue. While that issue has not been dealt with, everything else just sat there. They could not bring it forward. We have wrestled with this issue, but there has not really been any strong guidance from the Government in terms of assisting with these transportation issues. Work has been done, civil servants have been involved, but I have not sensed a real political commitment to get them to reach a solution.

10.30 a.m.

[69] When we go to meetings, we just talk about the problems and then we talk about possible resolutions. Things are happening, but it is taking an enormous amount of time. That is why we have this huge problem. My company is dealing with the legal framework. The big issue is that, when Powys makes a decision, it needs to know that it can legally control the highways. There cannot be a judicial review or anything like that. It needs to be able to control that to minimise the impact on road users and so on. Those powers exist in a 2008 Act. We are making progress with that. However, I initiated that project in our company two years ago and we still do not have proper buy-in, because, as you said, as soon as there is opposition, and when there is no political leadership, people are not prepared to stick their neck out, sign up to it and really work to make a solution to make it happen. There does not seem to be the will to do that.

[70] The First Minister's statement had such a big effect on investor confidence because we already had a difficult situation. There was only really one leg still holding it up, and that was that the Government wanted to see it happening. It was four-square behind making this happening, even though we could see more movement on the ground—that was the thread that we were holding on to. When that was taken away, there was nothing left.

[71] This TAN 8 policy requires real Government commitment, because it is not easy. It is not an easy policy to deliver, especially in the way that it has been developed and so on. Unless we, as an industry, are absolutely sure that the Welsh Government is serious about making part of it happen—even if it cannot make all of it happen—there is no credibility left. Millions of pounds would have been wasted by companies, and there would have been lots of heartache and stress and so on for everyone involved, such as the communities, for nothing. It would be an absolute disaster. We must try to make this work. There must be compromises on all sides, but we have to try to make something work, or it would be very bad for the Welsh economy, certainly in the medium to long term.

[72] **Lord Elis-Thomas:** That is what this committee is charged to do, in my view. However, it is not for me, as the Chair, to pontificate.

[73] **Vaughan Gething:** I want to change tack now and move from onshore to offshore. I am interested to know, realistically, where we are going with offshore wind development and how soon we can see additional offshore wind projects. I know there is the big Atlantic Array windfarm, in which Julie and others have a more direct interest from a constituency point of view. I am interested in how quickly we can gear up to deliver the offshore element of wind. I am also interested in marine and tidal power in particular. The Severn estuary tidal power scheme does not necessarily mean a barrage; there are many other alternatives. I am interested in how technology-ready each of those potential alternatives are, and what potential interest there is in having private-sector-led development, as well as the alternatives. I know that you already have the tidal stream off the coast of west Wales, but how many other projects are viable, and where are they? I also want to know about your perception of the difference between Wales's consent regime for projects and that in other parts of the UK.

[74] **Ms McGurgan:** One issue for tidal and marine power, in particular, is the on-balance market in the renewables obligation certificate system. Currently, projects in Scotland get greater ROCs, and there are greater financial benefits in developing projects in Scotland. We would urge the Government to continue working with DECC to ensure that, during this review of the ROC banding, Wales is on a par with Scotland, to ensure that we can deliver on Wales's tidal ambitions. I cannot really speak for other projects developing at the moment—the tidal energy company is a slightly separate business. I do not work very much in that department. What I can say is that, to get our consents to develop the prototype, which is to be installed off Ramsey sound next year, we need to go to two different consenting bodies: we need to go to the Marine Management Organisation for half of our consents, and we need to go to the Welsh Government for our other environmental consents.

[75] **Mr Rhys:** I will come in here to answer your offshore wind enquiry. In terms of developing offshore wind generation, we have 150 MW of capacity installed already, and coming online, or being constructed, very soon will be Gwynt y Môr, which will be a large-scale offshore windfarm. There are already wider economic benefits coming through, with Prism, a cabling company from Wrexham, winning a contract, as well as the Port of Mostyn Ltd. There are a few examples of the supply chain benefits and economic benefits that are aspired to in the development of offshore. I would urge the Government and this committee to support a strategy to see how Welsh ports can get on this bandwagon and plan to develop offshore windfarms. They need some direction. There is interest there, but we need some direction and strategy to develop Welsh ports for this. England already has a plan, and

Scotland has a plan, so Welsh ports are missing out at the moment.

[76] In terms of future offshore developments, you mentioned the Atlantic Array, and there is another large-scale round 3 project in the Irish sea to the north of Wales. Those are large-scale projects that have basically been planned and scoped. It is mentioned in ‘Low Carbon Revolution’ that the Welsh Government hopes for up to 6 GW from offshore wind, but it is a question of how much of the two round 3 projects end up in Welsh territorial waters, and therefore what percentage of their renewable energy capacity we can claim. There is a question about timing as well for the delivery of those projects identified by the Government in the ‘Low Carbon Revolution’—I think that it was 2017, but I am not sure whether the developers who are taking these projects forward are planning for that date. It might be a bit later.

[77] In terms of marine energy—wave and tidal energy—I would reiterate Caroline’s comments. There is huge potential there, and Wales has high ambitions for marine energy, but we are starting from a very low base. A demonstration is going to Ramsey sound for 12 months to show how well it can work, and we are confident that it will go very well. However, that is where we are starting from—from a low base. We are not ready to deliver commercially from wave and tidal energy at the moment. It will take a great number of years, so if we are serious about targets, we will have to have a delivery plan and be realistic about what will be generated, and when. If we are going to build up marine renewable energy then we have to maintain investor confidence in the renewable technologies that we have now—mainly onshore, and then offshore. It is time that we secured our future by making the most of what we have.

[78] **Lord Elis-Thomas:** I am afraid that our time is now up, because I have kept the Minister waiting for 10 minutes. It seems to me that the best thing that we can do is to invite you back. I am conscious—and Russell would have reminded me if I had not remembered—that we have not dealt with the grid issues in mid Wales. We are grateful to you for the forthrightness and the quality of your evidence, and if we can find time, when we have met with National Grid and others, we will call you back. We may also want to take evidence from other developers. However, what you have had to say has been very clear to us. I apologise to colleagues whom I have not been able to call.

[79] **Julie James:** Could I ask, not having had my turn, whether there is any public information about some of the projects that you have mentioned? I would be very interested to see what there is in the public domain about the windfarms that you mentioned. If we could have the links, or whatever, for all of that, that would be useful.

[80] **Lord Elis-Thomas:** As I always used to do when I sat somewhere else in this building, I will give priority to those Members who were not called during this session. Thank you very much; diolch yn fawr.

[81] **Mr Guy:** Thank you for having us.

10.43 a.m.

Craffu ar Waith Gweinidog yr Amgylchedd a Datblygu Cynaliadwy Scrutiny of the Minister for Environment and Sustainable Development

[82] **Yr Arglwydd Elis-Thomas:** Bore da unwaith eto, Weinidog. Mae’n teimlo fel ddod y buost yma ddiwethaf. Ymddiheuraf fod y sesiwn flaenorol wedi mynd ymlaen 10 munud yn ychwanegol. A wyt ti am ddweud **Lord Elis-Thomas:** Good morning once more, Minister. It feels like it was only yesterday since you were here last. I apologise that the previous session ran on for another 10 minutes. Is there anything that you

unrhyw beth am y papur, neu a awn ni'n syth i mew'n i gwestiynau? wish to say about the paper, or will we go straight into questions?

[83] **The Minister for Environment and Sustainable Development (John Griffiths):** I will make some introductory remarks, if that is okay. I am very pleased to be here to discuss the draft budget for my portfolio, and the context is that there are many challenges ahead for us as a result of the UK Government's comprehensive spending review, which poses considerable difficulties for the Welsh Government in terms of the resource available to us. The comprehensive spending review published last year resulted in my predecessor, Jane Davidson, making some very difficult decisions on budget areas.

[84] My intention remains, as with Jane Davidson's decision, to very much continue to focus on protecting the most vulnerable in our society, promoting sustainable development and ensuring that our international obligations are met.

[85] Through the recent launch of our programme for government, you will know that the aim of our department is to make the best possible use of our ultimate resources as a nation to become a one planet nation, which is extremely important to us and the rest of the world. The plans that I have outlined in the draft budget will support that climate change strategy and our central concept of sustainable development through a range of measures and initiatives. I will be taking action on climate change and sustainable development, including legislation. The natural environment framework is an important part of that overall picture. Members will also be aware that we are working towards bringing the Environment Agency, Countryside Council for Wales and the Forestry Commission together as one organisation, subject to the business case demonstrating that that is the best way forward.

10.45 a.m.

[86] The financial context, as I have said earlier, is difficult. My revenue budgets for the last three years, before main expenditure group transfers, were reduced, in cash terms, by £7 million, or around 3 per cent; even more if you take into account inflationary pressures. My capital budgets were reduced by even more, with an overall cut of 28 per cent, or £21 million. All of that, coming from last year's spending review, sets the context within which difficult decisions had to be made.

[87] Therefore, in trying to protect the vulnerable, we are focusing on issues such as fuel poverty through schemes such as Nest and Arbed, and flood-risk and coastal erosion. These are important matters that create vulnerability for many people in Wales. Waste management continues to be a crucial part of our overall agenda. I have committed £260 million to waste initiatives over the next three years to help us to deal effectively with challenges and become a zero waste nation in due course.

[88] This year, we saw the Animal Health and Veterinary Laboratories Agency transferred into my portfolio from the Department for Environment, Food and Rural Affairs. Continuing to work towards eradicating bovine TB is an important part of my overall animal health responsibilities. To conclude, my priority is to deliver on our strategic commitments in a time of constrained resources. I hope that what I have said has demonstrated some of the key actions that I see as delivering on those priorities.

[89] **Lord Elis-Thomas:** I take it from what you have said that there is a consistent and clear relationship between the objectives of the Government's programme and your priorities and the budget lines.

[90] **John Griffiths:** I was keen that the First Minister, in outlining the programme for government, demonstrated the overall Government commitment to sustainable development.

As Members know, it is our central organising principle and, as such, it must run through the whole of the Government's activities, including budget setting within all departments.

[91] **Lord Elis-Thomas:** When will that happen? Did it happen this time?

[92] **John Griffiths:** It has happened this time. I will continue to work with colleagues to make sure that they prioritise appropriately.

[93] **Antoinette Sandbach:** I want to ask you about the forestry side of your budget first, and then, briefly, about the bovine TB slaughter payments. In relation to the Forestry Commission, is the new woodland strategy the Glastir scheme, which is funded from European budgets from pillar 2? If it is coming from a European budget, why is it that you are showing it as a year-on-year decrease?

[94] **John Griffiths:** We obviously have a wider woodland strategy in Wales. However, if you are talking specifically about the Glastir scheme, that would be part of my colleague Alun Davies's budget as the Deputy Minister for rural affairs.

[95] **Antoinette Sandbach:** So, that is not reflected in this new woodland strategy? That is a different woodland strategy from the Glastir scheme?

[96] **John Griffiths:** I am not quite sure what you are referring to, Antoinette.

[97] **Antoinette Sandbach:** It is not clear who has the responsibility. Are you bearing the responsibility for the delivery of what was 'Better Woodlands for Wales'?

[98] **John Griffiths:** The general woodlands strategy is my responsibility, reflected in my budget. However, the responsibility for Glastir and the woodlands element of that will fall to Alun Davies as the Deputy Minister for Agriculture, Food, Fisheries and European Programmes.

[99] **Antoinette Sandbach:** So, where is the budget for the Glastir element of what was 'Better Woodlands for Wales'? Is that with you or with Alun Davies?

[100] **John Griffiths:** The Glastir element is with Alun Davies.

[101] **Antoinette Sandbach:** Thank you; that has clarified that matter.

[102] In relation to the animal health and welfare budget, there are two matters that I would like to raise with you, with the Chair's permission. First, the DEFRA statement indicated that your department would receive the equivalent of a £77.71 million transfer for animal health and welfare, but only £68 million is allocated in your budget over the four-year period. Can you explain the discrepancy? My understanding was that it was going to be £17.2 million a year.

[103] **John Griffiths:** It is the difference between what we notionally receive and what we actually receive. Out of the £77 million budget, we pay our share of the UK cost of the animal movement tracking service, which comes to in excess of £7 million in total over that period. There is another total of £2.12 million that relates to transmissible spongiform encephalopathy testing and compensation. That is estimated income from the European Union. So, it is a question of what you might call gross and net figures.

[104] **Antoinette Sandbach:** That is helpful. Secondly, I understand that the former Rural Development Sub-committee recommended that the budget allocations for bovine TB compensation payment should take account of bovine TB incidence rates and the amount that

had been spent on compensation in previous years. That is not shown in your budget line, which is constant until 2014. How do you propose to deal with that if there is an increase in bovine TB rates?

[105] **John Griffiths:** It is a demand-led budget and, as with any demand-led budget, it cannot be a matter of certainty as to what call will be made on it. However, we look at previous years' compensation figures in deciding what budget should be set for future years. The budget for the current year is similar to the budget for last year. Incidence to date suggests that that is the appropriate amount. Although we have seen a reduction in the number of reactors slaughtered over the last few years, the compensation paid last year is in line with the incidence that we have seen so far this year. Looking at that guide, namely the most recent experience of compensation levels and reactors slaughtered, we are quite confident that the provision this year is appropriate. We want to see further reductions in incidence over coming years, and if that is the case, we can reallocate some of the provision made. However, what we have at the moment and what we have projected are in line with recent experience of incidence.

[106] **Julie James:** Good morning, Minister. I wanted to ask you a couple of questions on the planning elements of your budget to start. We have just heard some worrying evidence from the previous witnesses about the lack of capacity in some of the statutory consultee organisations and local planning authorities to deal with large-scale infrastructure projects and so on. Can you reassure me that, given this reduction, which is only a small reduction in real terms, there is sufficient capacity in the planning budget to support that kind of major activity, which underpins the whole Government's strategy for Wales?

[107] **John Griffiths:** Yes, I think there is. We mainly fund the Planning Inspectorate and we work with it to ensure that it has sufficient resource in terms of its staffing, back-up facilities, and experience and expertise. So, we are confident that that will continue to be the case and that it will continue to be fit-for-purpose in terms of the important role that it has. In addition to that, we help local authorities with regard to training and technical expertise, and the regional collaboration agenda that my colleague Carl Sargeant is taking forward with his Simpson review. So, we are confident that there is sufficient provision. However, going forward, if the business case stacks up for a single environment body, that would be valuable in terms of making better use of resources and achieving efficiencies, and would also make the statutory consultee process within the planning regime more user-friendly, given that only one body would be involved, not three.

[108] **Julie James:** Indeed. Another issue that worries me about some of reductions in the budget is that we have some high ambitions for the devolution of building regulations and the ability to produce sustainable development schemes and for local authorities and statutory consultees to understand those interrelationships. I am concerned that we do not have enough money in the budget to start up that regime, given that that is a new area. Could you comment on that?

[109] **John Griffiths:** We did have that very much in mind when setting the budget for building regulations. That is a new responsibility for the Welsh Government and we obviously want to hit the ground running and ensure that we take our new responsibilities forward successfully from day one. So, we have made budgetary provision with that in mind, but, if there were any difficulties in light of the experience of exercising these new functions, we would make adjustments accordingly.

[110] **Julie James:** On that sustainable development theme, could you tell us whether you have carried out a sustainable development impact assessment on this budget overall, and, if so, what were the results?

[111] **John Griffiths:** As I said, sustainable development is our central organising principle as an administration, so it runs through everything that we do and, as you would expect, it is built into the thinking in my department. So, in everything that we do, that is at the forefront of everyone's minds. So, I can certainly give you that reassurance.

[112] **Julie James:** Yes, but have you done a specific impact assessment?

[113] **John Griffiths:** Do you mean an equality impact assessment?

[114] **Julie James:** Yes, and a sustainable development one.

[115] **John Griffiths:** The equality impact assessment was carried out last year, given that that was the time when the comprehensive spending review made it clear that it was going to be a difficult period over the next few years. We have not made any major changes since that budget-setting process was undertaken. So, although we have not updated it, there was that very comprehensive equality impact assessment last year.

[116] **Julie James:** I am sorry to press the point, Minister, but are you saying that you have not done a sustainability impact assessment as such?

[117] **John Griffiths:** Not specifically, no. However, given that it is our central organising principle, it runs through everything that we do—all our decision-making processes and all our internal mechanisms and workings.

[118] **Llyr Huws Gruffydd:** Mae'ch adran chi'n wynebu cyfnod digon prysur o safbwynt datblygu cynigion deddfwriaethol, gan gynnwys y Bil datblygu cynaliadwy, Bil yr amgylchedd a'r Bil cynllunio. Pa ddarpariaeth sydd yn eich cyllideb ar gyfer datblygu'r cynigion deddfwriaethol hyn?
Llyr Huws Gruffydd: Your department is facing quite a busy period in terms of developing legislative proposals, including the sustainable development Bill, the environment Bill and the planning Bill. What provision is there in your budget for developing these legislative proposals?

11.00 a.m.

[119] **John Griffiths:** It is a matter of using existing staff resource to work up the legislative proposals, although it would also be fair to say that some elements of the funding for the natural environment framework will assist, because, for example, they will fund some pilot projects, the experiences of which will feed into the working up of the legislation and be part of the evidence base.

[120] **Llyr Huws Gruffydd:** Felly, nid ydych yn teimlo bod hynny'n mynd i gyfyngu ar allu eich adran i gyflawni elfennau eraill o'i gwaith.
Llyr Huws Gruffydd: So, you do not feel that that will restrict your department's ability to deliver other elements of its work.

[121] **John Griffiths:** No, because legislation is factored into the general work of the department. It is not an add-on in any way; it is absolutely central to the work, particularly because we have new powers after the successful referendum result.

[122] **Llyr Huws Gruffydd:** Yr wyf am ddychwelyd at ddau bwynt a gododd Antoinette Sandbach yn gynharach. A oes unrhyw oblygiadau i'ch cyllideb yn sgîl y penderfyniadau a wnaed yn ddiweddar ynglŷn â labordai'r Asiantaeth Iechyd
Llyr Huws Gruffydd: I wish to return to two points that Antoinette Sandbach raised earlier. Are there any implications for your budget in the wake of decisions made recently regarding the laboratories of the Animal Health and Veterinary Laboratories

Anifeiliaid a'r Labordai Milfeddygol yng Agency in Carmarthen and Aberystwyth?
Nghaerfyrddin ac Aberystwyth?

[123] **John Griffiths:** No. I have been keen to make the point to the UK Government that, obviously, within the Welsh Government, we are keen to ensure that Welsh interests are protected. The laboratories will remain, but they will not provide all the services that they previously did because there has been an exercise in greater centralisation of service provision by the UK Government. We have work streams and activity in our department and through our officials, but we work closely with the agency and the laboratories. As we go forward, we will be keen to try to ensure that there is no diminution in the level of service that is available to us or to farmers and others in Wales. If, at any point, we consider that there is a diminution in service, we will make those points even more strongly to the UK Government. However, there is no direct impact on my budget as a result of the changes that have been made.

[124] **Llyr Huws Gruffydd:** Gan ddechre at eich sylwadau ynglŷn â TB mewn gwartheg a'r awgrym bod diffyg wedi bod yn y gyllideb yn draddodiadol, mae panel yn edrych ar yr ymdrechion i daclo'r diciâu mewn gwartheg ar hyn o bryd, felly, mewn gwirionedd, nid ydych yn siŵr sut fydd y £10 miliwn yn cael ei wario. Pa ganran o hynny a fyddai'n mynd ar ddifa moch daear pe bai'r cynllun hwnnw yn mynd yn ei flaen?

Llyr Huws Gruffydd: To return to your comments about bovine TB and the suggestion that, traditionally, there has been a deficiency in the budget, a panel is currently looking at efforts to tackle bovine TB, so, in fact, you are not certain how that £10 million will be spent. What percentage of that would be spent on the culling of badgers if that scheme were to be taken forward?

[125] **John Griffiths:** We have to wait for the report from the panel and it is not appropriate or, indeed, sensible to try to pre-empt that at this stage. Depending on the findings of the review of the science, we will take forward the appropriate programme to continue with the long-term effort to eradicate bovine TB, but until we get the report, it is not possible to say what activity will be necessary and what funding implications that will have.

[126] **Llyr Huws Gruffydd:** Beth felly yw sail y £10 miliwn? Ai'r sail yw'r ffaith mai dyna'r swm a glustnodwyd mewn blynyddoedd blaenorol?

Llyr Huws Gruffydd: What, therefore, is the basis for that £10 million? Is it the fact that that was the sum that was allocated in previous years?

[127] **John Griffiths:** We previously set budgets on the basis of the comprehensive bovine TB eradication programme, which would have included the action in the intensive action area.

[128] **Mark Drakeford:** I want to ask you a couple of questions about spend-to-save exercises in your budget, Minister. You referred in your opening remarks to your department's plan to bring together the three major bodies that you sponsor. I understand that that has been underpinned by a spend-to-save allocation from earlier rounds. I hope that I am not being overly cynical if I suggest that, in these exercises, it is often possible to see the spend, but not so easy to spot the save. I wonder whether you could indicate to us where in your budget you would expect the revenue savings that would be released from bringing those bodies together. Where does that begin to appear in your budget? In which year do you see those savings being released? What quantum do you expect to release by that mechanism?

[129] **John Griffiths:** I have to issue a big caveat at the beginning, Mark, which is that we are currently working through the business case for a single environment body, so it is not possible to say at this stage what savings are likely to result. Generally, in terms of invest-to-save, we are working with colleagues around possible bids, and nothing has been finally decided upon at this stage, but the most obvious candidate for us would indeed be the single environment body. Part of the business case will be to look at how we can release resource for

the front line of service delivery, so it is not so much a matter of savings that would result from a single body being used elsewhere, as it were—it would be very much about the sort of service delivery that the bodies as they currently exist perform for us, which are all vital services, of course. It would be taken forward in the context of the natural environment framework, and there is a lot of work going on around the Green Paper for that. It is early to speculate at this stage, really.

[130] **Mark Drakeford:** I understand that specific sums are difficult to identify, but do you have a sense of the timescale? When, in terms of the budget that we have in front of us, might you expect that work to begin to release money for new purposes within the field?

[131] **John Griffiths:** Again, that sort of prediction would be provided by a lot of the work that is being done around the business case at the moment. Some officials believe that, after just one year of a single environment body, we might well be in a situation where the savings made would equal the initial start-up cost. However, that is highly speculative at this stage, so I would have to issue a huge caveat around that.

[132] **Lord Elis-Thomas:** Did I see you nod at me earlier, Eluned?

[133] **Eluned Parrott:** Yes—I have a quick question, if I may, for the Minister. Looking at ‘Facilitating clean and secure energy’, I note that the budget line for ‘Radioactivity and pollution prevention’ has reduced from £600,000 in 2011-12 to £480,000 later in the budget. I wonder whether that is due to an assessment that the risk from these kinds of pollution has been reduced proportionately, or is this perhaps a budget line that has previously been underspent?

[134] **John Griffiths:** I will ask officials to come in on this, Eluned, but my recent meetings on radioactivity and pollution generally have confirmed a reduction in radioactivity levels over a period of time, which is obviously encouraging in terms of risk. Obviously, this is all within the general budget context, and the difficulties that I mentioned earlier, in any event. We are very much guided by the nuclear regulator and the Environment Agency and other regulatory bodies, so any budget provision that we make for these important matters are always set with that advice in mind. I do not know whether our officials could add anything to that.

[135] **Mr Quinn:** It is principally the impact of the profiling of expenditure on the EU noise directive, whereby we have had to do a considerable amount of mapping work on ambient noise. There has been a substantial amount of expenditure under that line for that, and that work has reached the point of conclusion, so we move on to the work of establishing quiet zones, which is part of the EU directive. It is principally the profiling of the specific pieces of research that that side of the office undertakes.

[136] **Vaughan Gething:** I have one quick question before we go back to waste management. I am looking forward to—as I am sure others are—the opening of the all-Wales coastal path next year, but I am interested in which particular budget line has a provision for maintaining that once it is open and how has that element of the budget been calculated. What expectations did you use to provide a budget for the path, given that it is has not yet been completed?

[137] **John Griffiths:** I am keen to try to ensure that the completion of the all-Wales coastal path next May is not viewed as the end game or mission completed. So, I have been keen to work with local authorities and CCW to ensure that there is not only ongoing maintenance, but improvements to the coastal path. So, it is about a partnership between the coastal local authorities and the national park authorities to ensure future maintenance. You will see the necessary budget in a number of different areas of our budget and in other

Ministers' budgets as well, because it is very much a partnership approach.

[138] **Vaughan Gething:** So, what is the split with regard to maintenance? Once the path is completed and it is there—putting aside the extension of it—where does responsibility lie within the Welsh Government for maintaining it and where does the shared responsibility lie with regard to local authorities?

[139] **John Griffiths:** With regard to our own budget, we have made an allowance for maintenance beyond the current programme, which will end in March 2013. We have also had discussions with the Countryside Council for Wales about the future maintenance of the path and, as I said, local authorities and the national park authorities have been part of this partnership, so they will also have made provision. Does that answer your question or do you want some more specific information?

[140] **Vaughan Gething:** I just want to be clear with regard to the future of the coastal path, and any potential extension to it. Is that money in the environment spending programme area, under the budget expenditure lines for national parks and access?

[141] **John Griffiths:** Yes, it is in the access BEL.

[142] **Vaughan Gething:** So, it is just under access and has nothing to do with the budget lines for CCW?

[143] **John Griffiths:** No, it is part of the budget lines for the Countryside Council for Wales, the national parks and access.

[144] **Vaughan Gething:** So, it is across more than one area. To return to capital, one of the only areas where there is an increase in capital is in the line for waste capital and anaerobic digestion, and I note that in paragraph 7 of your paper you talk about municipal food waste. I am interested in how many facilities you expect that capital to support and the timescale to create them. Also, how many local authorities do you expect to partner to support each of the groups? Do have a certain number in mind or is it up to them to set their own numbers of anaerobic digestion units? How does that relate to the viability of each project?

[145] **John Griffiths:** The first thing to say is that we work in very close partnership with the local authorities on waste policy. The procurement approach that we have taken has been collaborative and cost-effective, because it has produced a scale that has resulted in better value for money for the spend involved. So, it very much a regional partnership approach with local authorities in Wales. We do not seek to impose any top-down solutions. We have our own zero waste policy, which involves setting up a framework, and, within that, we are open to ideas and joint working with local authorities and the private and third sectors. I think that we will see several anaerobic digesters coming on stream over the period of this budget. We also have an ambitious food waste programme. We are up to 88 per cent of households in Wales being covered by separate food waste or food and green waste collections. So, we need to ensure that there are treatment facilities to deal with that impressive progress in dealing with food waste. Matthew can give you some more detail on exactly what we expect and the timescale.

11.15 a.m.

[146] **Mr Quinn:** We have a series of consortia; local authorities have formed themselves into consortia to commission an AD plant. We have been holding the ring on the overall all-Wales procurement for that. The local authorities each have a lead within those consortia. At the moment they are in the process of assessing tenders, so we do not yet know the precise pattern of supply as it will depend on the nature of the proposals that they are assessing.

However, we are looking at a first contract being awarded very shortly for one of the consortia, which is quite a way ahead. The others will happen over the next two years, and that is reflected in the additional budget funding that has come through. We will be able to give you a bit more chapter and verse shortly, but we can certainly let you know now, if you are interested, what the consortia are for the AD projects. There are two local authorities working alone. They are all in consortia to fund plants.

[147] **Vaughan Gething:** I will certainly be interested in seeing that come forward once you are on a more certain path with regard to knowing what will be delivered.

[148] **Russell George:** In the third Assembly, the Sustainability Committee made a recommendation in its biodiversity inquiry calling for a dedicated budget line in the department budget for biodiversity. There does not appear to be a dedicated budget for that. Could you talk to that point?

[149] **John Griffiths:** As with climate change and our climate change strategy, for example, there are many different aspects of addressing the work that is required under the strategy, and, in fact, it would straddle not only the different budget lines and sections within my environmental portfolio, but those of other Ministers. The work that we are doing on the natural environment framework is very important to biodiversity. Of course, Glastir and other aspects of my colleague Alun Davies's work are very significant as well. Often, with issues such as climate change and biodiversity, you cannot pigeonhole the necessary activity into any one budget line. It is something that straddles many different areas.

[150] **Russell George:** May I ask for some clarification of the administration costs of CCW? I am looking at the figure of £19 million for 2011-12. CCW programme expenditure is £16 million, so it appears that administration costs outweigh delivery. Can you explain that?

[151] **John Griffiths:** Before asking Matthew to deal with that specific point, Russell, in general, what we expect from the Countryside Council for Wales, the Environment Agency and the Forestry Commission is that, in this context of a difficult public spending scenario, which we are all now very familiar with, they take the same sort of measures that the Welsh Government itself takes. So, there has been a loss of staff, for example, through natural wastage and voluntary redundancy. A great deal of effort has been made to rationalise and to be ever more efficient and effective. We do not ask our arm's-length bodies to do anything that we are not doing ourselves, but we expect the same sort of rigour from them as we, I hope, display. Matthew, could you deal with the specific point that Russell raised?

[152] **Mr Quinn:** The administration cost line is the cost of staffing, and the programme expenditure line is the cost of the programme budgets that it administers on our behalf. The programme line is the money that goes out to non-governmental organisations and others to support projects. Clearly, projects are not the only thing that CCW does. The staff themselves carry out the majority of the work involved in CCW's role—its advisory role and its technical role. It is simply the way that this particular budget is split up that it, effectively, has a running costs budget that is separate from the programme budget that it administers.

[153] **Russell George:** The anticipated merger will cost £14 million over four years. I am looking at the natural environment framework restructuring line, which, over four years, totals £14 million. Are you able to provide us with a breakdown of the costs split between the Environment Agency and the Forestry Commission so that we can scrutinise the business case?

[154] **John Griffiths:** I do not know whether officials have that information to hand today, Russell, but we certainly can provide it.

[155] **Mr Quinn:** As I said earlier, we are awaiting the final business case. We are happy to share that material when it is published. It is not a cost to any of the individual bodies; it is a cost to our budget for the set-up. We set aside the money that you have identified in the budget line to cover both that and the work on the natural environment framework in terms of the pilot schemes and so on. The exact amount of money that we need to put in and the funding sources will be determined when we have the final version of the business case, which we can share with you.

[156] **Mick Antoniw:** I would like to discuss fuel poverty. You say in your statement that the budget will enable the Welsh Government to continue vital work to eradicate fuel poverty. I appreciate that many of the factors are outside your control, but fuel poverty in our population is going to increase massively. Do you envisage any circumstance in which you would seek an increase in the budget that has been set for the next three years to try to increase the impact on fuel poverty?

[157] **John Griffiths:** Any possible vehicles to lever more money into schemes like Arbed and Nest are opportunities that I would be very keen to explore and take, should they present themselves. The budget available to me and the prioritisation that has already taken place is set out in the final draft budget. Any opportunities for getting central Government funding or for leveraging in funding from outwith Welsh Government funds are ones that I would be keen to take advantage of, should we consider them potential sources of money. I regularly meet with the big six energy companies and discuss with them their obligations, set by the UK Government, under schemes like the carbon emissions reductions target and the community energy saving programme. We hope that we will be effective in levering private energy company moneys into Arbed 2 as a result of those meetings and talks. However, much depends on what the UK Government announces around its green deal and its general future policy. The Arbed scheme is so important to us in terms of fuel poverty, the green economy, energy efficiency, upskilling, the supply chain and small and medium-sized enterprises, that any additional money that we could lever in would be put to very good use.

[158] **Mick Antoniw:** Is it the case that we have to accept that our impact in this area is probably going to diminish over the coming two or three years?

[159] **John Griffiths:** No, I very much hope not. In real terms, there will be a reduction in the budgets that we have set, but in cash terms we have maintained provision, because it is a real priority for us. We are doing what we can to protect this budget and I hope that we will be successful in levering in additional moneys. However, it is not possible to give absolute comfort on that front at this stage.

[160] **Antoinette Sandbach:** We heard evidence earlier this morning that the Forestry Commission as a landowner will be receiving revenues from wind power projects being built on its land. Do you have that revenue stream identified in your budget line? If not, why not? Where does it go? Have you looked at the potential for the Government to give some sort of return to the communities likely to be affected by developments in those areas?

[161] **John Griffiths:** To take your second point first, Antoinette, we are keen on working with the developers to ensure that there is much more community benefit taken forward in a more imaginative and effective way than has been the case hitherto around renewable energy development, and, perhaps particularly, onshore wind. So, that is our approach: the developers should do a lot more in terms of community benefit than has been the case hitherto. That is the subject matter of meetings and talks between me, the First Minister, developers and potential developers.

[162] When it comes to Forestry Commission income from windfarm development, that money goes into the consolidated fund. It does not come directly to me or the environment

department, sadly, but goes into the general coffers of the Welsh Government. As I said earlier, sustainable development is a central organising principle and applies right across the Welsh Government, in any event. I would hope that those moneys would be put to good use, respecting that principle. There is a cost to the Forestry Commission from its activity around windfarm development, which would be subtracted from that income, but, overwhelmingly, it comes in to general Welsh Government funds.

[163] **Antoinette Sandbach:** However, the Forestry Commission is, as I understand it, in effect, the landowner. If that is not reflected in this budget, where does scrutiny come from?

[164] **John Griffiths:** Do you mean in terms of the consolidated fund?

[165] **Antoinette Sandbach:** No, in terms of the income received by the Forestry Commission, as landowner, for windfarm developments. Where is the scrutiny if it is not shown on the accounts?

[166] **John Griffiths:** Do you mean the internal scrutiny of the Forestry Commission?

[167] **Antoinette Sandbach:** The Forestry Commission is the body that receives the income from the windfarm development, because it is the landowner of many of the areas—not all, I accept. I understand why the Welsh Government may wish to move that money into the consolidated fund, but where is the scrutiny? Where is the ability of Assembly Members to look at the income that is being received by the Forestry Commission, where it is being spent and how, if it is not reflected in your budget?

[168] **John Griffiths:** On general budgetary matters, the Minister for Finance, Jane Hutt, faces scrutiny and will answer questions in the round on the Welsh Government budget, including the consolidated fund.

[169] **Lord Elis-Thomas:** May I suggest that you table numerous written questions?

[170] **Antoinette Sandbach:** I will.

[171] **Rebecca Evans:** Delivery of your obligations under the Marine and Coastal Access Act 2009 is split across two lines in the budget: the sustainable development fund grant and the environmental management support funding. How is the work required to implement the Act reflected across those two lines?

[172] **John Griffiths:** We have a marine team that we strengthened in advance of the implementation of the Marine and Coastal Access Act, and also, within that, a marine consents unit was established to administer and act as a single point of contact for marine licences, for which we have responsibility. We secured additional resources for the implementation of the Act in the budget for 2010-11 and we are continuing with that level. There is £110,000 in the budget for this financial year, which is directly for the implementation of the Act's provisions. However, I expect other portfolio areas to contribute to the resources required for implementation, especially in respect of marine planning, because it is cross-cutting work. Officials are working at the moment with colleagues to discuss needs and potential arrangements in the round, because, as with so much else, we need to work closely on this with colleagues.

11.30 a.m.

[173] **Rebecca Evans:** How are Flood and Water Management Act 2010 obligations reflected in the budget?

[174] **John Griffiths:** With flood and water management, a big part of what will take place over the years to come—not just flood-defence work, but also raising awareness and building resilience, so that there is more understanding of flood risk and that people are better informed and more able to make their own arrangements to deal with the risk—will be a matter of using our budget in conjunction with European funding. I am not sure that the committee is particularly concerned with European funding this morning, because it is not reflected in the figures before you, but it will be very important to this. If you look in the round at the funding that will be available for flood defence work and coastal erosion risk, you will see that it has increased. We are quite content that the necessary resource for the work required will be in place, but it is such a vital area that there is certainly no room for complacency. When we talk about protecting the vulnerable with our budget provision, as well as fuel poverty, I think that vulnerability from flood risk is uppermost in our minds.

[175] **Rebecca Evans:** I just wonder where you are with the national flood and coastal erosion risk strategy. I am not sure if it has been published, but if it has not, do you envisage extra actions that are not funded within the budget?

[176] **John Griffiths:** No, I do not, but it will be published towards the end of this year. The budgetary provision that we have made will be the resource available for the work under that strategy, which is very much part of the programming that has already been done.

[177] **Lord Elis-Thomas:** I am conscious of the time, but I have one final question, and I know that Vaughan has a very trenchant question that he wants to ask.

[178] **Vaughan Gething:** Just picking up on the point about Forestry Commission revenue, the middle budget line shows £19.1 million of receipts going down to £18.5 million. Does that reflect the point that Antoinette made about the potential income from windfarms? I am interested in why the revenue assumption is for a fall, as it were, or a flatline—whether that is based on previous evidence, or whether there are ongoing assumptions that lead you to put those figures into the budget.

[179] **John Griffiths:** All the budget setting is based on previous experience, because that is the only basis upon which effective forward planning can take place. When it comes to the income from the windfarms, it is not income for the Forestry Commission—it goes into the consolidated fund.

[180] **Lord Elis-Thomas:** Finally, I spent many rewarding days in the 1990s as voluntary chair of Keep Wales Tidy, so, declaring a historical interest, I am rather concerned about the 37 per cent reduction in real terms in the ‘Local Environment Quality and Keep Wales Tidy’ budget line between 2011-12 and 2012-13. I am sure that there are good reasons for this. If you can tell us now, you can put me at ease, and if not, you could write to us.

[181] **John Griffiths:** It is around a £1.5 million reduction. Part of it is explained by the costs involved in the communication strategy for the single-use carrier bag levy, which probably accounts for around £0.25 million. There were also some costs involved in working up the Tidy Towns schemes, which are now well embedded. What I can say is that it will be flatlined after next year, which is an element of protection, but there has been a significant reduction. I am keen to protect the core activities of Tidy Towns, and we will be able to do that effectively, but I am also very keen to look at what I have described as the bread-and-butter, urban environment issues, of which Keep Wales Tidy is a central part. Going forward, I want to understand, with officials, how various strands within my responsibilities can affect those basic issues of litter, fly-tipping, adequate green space and allotment provision—what really counts for urban quality of life. I would hope that we can pull those strands together effectively and make good use of resource, because I share your concerns on this.

[182] **Yr Arglwydd Elis-Thomas:** Diolch **Lord Elis-Thomas:** Thank you.
yn fawr.

Daeth y cyfarfod i ben am 11.35 a.m.
The meeting ended at 11.35 a.m.