



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

**Y Pwyllgor Cynaliadwyedd  
The Sustainability Committee**

**Dydd Iau, 3 Chwefror 2011  
Thursday, 3 February 2011**

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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**

Lorraine Barrett	Llafur Labour
Angela Burns	Ceidwadwyr Cymreig Welsh Conservatives
Alun Davies	Llafur (yn dirprwyo ar ran Karen Sinclair) Labour (substituting for Karen Sinclair)
Irene James	Llafur Labour
Rhodri Morgan	Llafur (yn dirprwyo ar ran Joyce Watson) Labour (substituting for Joyce Watson)
Kirsty Williams	Democratiaid Rhyddfrydol Cymru (Cadeirydd y Pwyllgor) Welsh Liberal Democrats (Committee Chair)
Leanne Wood	Plaid Cymru The Party of Wales

**Eraill yn bresennol**  
**Others in attendance**

Clive Bates	Cyfarwyddwr Cyffredinol, Dyfodol Cynaliadwy Director General, Sustainable Futures
Grant Duncan	Is-gyfarwyddwr Gweithrediadau, Yr Adran Cyflenwi Gwasanaethau Cyhoeddus a Llywodraeth Leol, Llywodraeth Cynulliad Cymru Deputy Director of Operations, Department for Public Services and Local Government Delivery, Welsh Assembly Government
Georgina Haarhoff	Pennaeth, Effeithiolrwydd Cyflenwi, Llywodraeth Cynulliad Cymru Head of Delivery Effectiveness, Welsh Assembly Government
Jane Hutt	Aelod Cynulliad (Llafur), y Gweinidog dros Fusnes a Chyllideb Assembly Member (Labour), the Minister for Business and Budget
Elin Jones	Aelod Cynulliad (Plaid Cymru), y Gweinidog dros Faterion Gwledig Assembly Member (The Party of Wales), the Minister for Rural Affairs
Gunther Kostyra	Pennaeth y Rhalgen, Polisi Caffaeliad Cynaliadwy, Llywodraeth Cynulliad Cymru Head of Programme, Sustainable Procurement Policy, Welsh Assembly Government
John Palmer	Cyfarwyddwr, Gwella Gwasanaethau Cyhoeddus, Llywodraeth Cynulliad Cymru Director of Public Service Improvement, Welsh Assembly Government
David Powell	Pennaeth, yr Adran Cyfiawnder Cymdeithasol a Llywodraeth Leol, Llywodraeth Cynulliad Cymru Head of Social Justice and Local Government Department, Welsh Assembly Government
Carl Sargeant	Aelod Cynulliad (Llafur), y Gweinidog dros Gyfiawnder Cymdeithasol a Llywodraeth Leol Assembly Member (Labour), the Minister for Social Justice and Local Government

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

Aled Jones	Clerc Clerc
Meriel Singleton	Dirprwy Glerc Deputy Clerk

12.59 p.m.

**Cyflwyniad, Ymddiheuriadau a Dirprwyon  
Introduction, Apologies and Substitutions**

[1] **Kirsty Williams:** Good afternoon, everyone, and welcome to this afternoon's meeting of the Sustainability Committee. Turning to the first item on the agenda, I will remind everyone of some basic housekeeping arrangements. In the event of a fire alarm you should leave the room by the marked exits and follow the instructions of the ushers. Members and staff should ensure that all mobile phones, pagers and BlackBerrys are switched off, to avoid interference with the broadcasting equipment. I remind you that simultaneous translation facilities are available. I have received apologies from Joyce Watson, Karen Sinclair, Brynle Williams and Rhodri Glyn Thomas. Alun Davies and Rhodri Morgan are substituting for their colleagues this afternoon.

1.00 p.m.

**Prif ffrydio Cynaliadwyedd ac Ymrwymïadau 'Cymru'n Un': Sesiwn gyda'r  
Gweinidog  
Mainstreaming Sustainability and 'One Wales' Commitments: Ministerial  
Session**

[2] **Kirsty Williams:** Today, we will scrutinise three Ministers on how they have mainstreamed sustainability in their portfolios. Members will be aware that these are follow-up sessions to the work that the committee undertook in the spring of 2009, and this afternoon we will try to judge what progress has been made in this area since that time. The first Minister has joined us—that is first Minister with a small 'f', the first of the three—Elin Jones, the Minister for Rural Affairs. However, you never know. [*Laughter.*] We are grateful to you, Minister, for taking the time to come to committee this afternoon. Perhaps you could introduce yourself and the official who has joined you for the record, and make any opening statement that you might have before we turn to questions from the committee.

[3] **The Minister for Rural Affairs (Elin Jones):** I thank the committee for asking me along to give evidence and to answer for my areas of responsibility. I am joined by Clive Bates, the director general of Sustainable Futures. I will start by saying that my ministerial responsibilities include agriculture and land use, areas where there are targets to be met for the reduction of the impact of those sectors on climate change. With the exception of the public woodland estate, the majority of that sector is outside direct Government control, and therefore we have to rely on other levers to influence those people who own the land and work the land and their contribution to meeting the targets that have been set by Government at this level and others. In doing so, I have looked to incentivise change in those sectors, and I have used opportunities such as the creation of the Glastir agri-environment programme to provide incentives for farmers to take on board measures to tackle greenhouse gas emissions and climate change issues in their farming practice. I have also looked to incentivise the planting and management of new woodland in Wales, and behavioural change for farmers and landowners in the work that they do. The latter is done through our Farming Connect

programme, which advises farmers about their on-farm practice, and which includes a particular stream of work on climate change. Therefore, my department's contribution is made through an incentivised approach to behavioural change for the people who work in this sector, along with direct management of the public woodland estate and the woodlands strategy, which I launched two years ago.

[4] **Kirsty Williams:** Thank you for outlining your approach, Minister. Could you clarify what savings you anticipate making in those sectors by 2020?

[5] **Elin Jones:** There is a target of a 3 per cent annual reduction in greenhouse gas emissions in areas that are devolved, and the aspect of that target that is specifically covered by my responsibility, for agriculture and land use, is 0.2 per cent, or less than a sixth, of the target.

[6] **Mr Bates:** We are not giving the land use and agriculture sector a particularly high weight because it is quite difficult to extract emissions reductions from it, given the tools that we have. However, if the target is a 3 per cent reduction per year, 0.2 per cent of that 3 per cent would come from land use and agriculture, and that accounts for about 0.6 million tonnes of carbon dioxide by 2020.

[7] **Alun Davies:** When you talk about the tools that are available to you, are you implying that you require further tools to deliver better emissions outputs? I would have thought that, in terms of this departmental responsibility, you would be able to deliver far greater emissions reductions than other portfolios.

[8] **Elin Jones:** A considerable amount of emissions reductions have been attributed to this sector since 1990; I think that it has seen a 23 per cent reduction on the 1990 baseline. That is primarily related to some changes in productivity and efficiency on farm, but it is also due to the decline in breeding stocks and animal numbers as a result of a policy intervention in changing the support subsidy structure for farming. There has been a reduction in greenhouse gas emissions as an indirect result of the latter, as I do not think that it was anticipated as a policy instrument for that purpose at the time. As I said in my introduction, the priority is to look at how we can incentivise change among the farming community, which is being led by the approach under Glastir, and to look at the behavioural change of farmers in particular through advice that can be given through our Farming Connect development programme for climate change, which is primarily run by the Institute Biological, Environmental and Rural Sciences at Aberystwyth University.

[9] **Rhodri Morgan:** O ran y targedau sydd gennych mewn golwg ar gyfer y sectorau yr ydych yn gyfrifol amdanynt, yr wyf yn meddwl bod pawb yn derbyn bod rhai ffactorau unigryw—neu bron â bod yn unigryw—yn effeithio arnynt gan mai nwyon eraill sy'n cyfrannu at dwymo'r blaned, ac nid carbon, sy'n cael eu rhyddhau fel rheol yn y sectorau hyn. A yw'n llawer anoddach i chi fwrw'ch targedau, ac i fonitro a gwerthuso hynny, oherwydd natur y sectorau yr ydych yn gyfrifol amdanynt?

**Rhodri Morgan:** In terms of the targets that you have in mind for the sectors for which you are responsible, I think that everyone would accept that there are some unique factors—or almost unique factors—affecting them because it is not carbon that is usually released in these sectors but other gases that contribute to global warming. Is it much more difficult for you to hit your targets, and to evaluate and monitor that, because of the nature of the sectors that you are responsible for?

[10] **Elin Jones:** Nid wyf yn siŵr y gallaf ddweud ei fod yn anoddach, ond mae'n sicr yn anodd ymdrin â'r sector penodol hwn, yn gyntaf oherwydd ei fod yn sector sydd y tu

**Elin Jones:** I am not sure whether I can say that it is more difficult, but it is certainly difficult to deal with this sector, first of all because the sector is beyond the direct

allan i reolaeth uniongyrchol Llywodraeth y Cynulliad. Fodd bynnag, ddwy flynedd yn ôl, comisiynais ddarn o waith penodol o dan arweiniad yr Athro Gareth Wyn Jones ar ddefnydd tir a newid yn yr hinsawdd. Yr oedd rhestr o argymhellion yn yr adroddiad hwnnw yn nodi'n glir mai'r prif nwyon sy'n cyfrannu at newid hinsawdd o'r sector hwn yw ocsid nitraidd a methan. Un argymhelliad a gafodd dipyn o sylw ar y pryd oedd y cynnig mai un ffordd i reoli methan oedd drwy gadw anifeiliaid mewn siediau drwy'r flwyddyn, ac i ddal y methan cyn iddo gael ei ryddhau i'r amgylchedd a gwneud rhywbeth ag ef.

[11] **Rhodri Morgan:** Amaeth heb bori, felly.

1.10 p.m.

[12] **Elin Jones:** Ie; amaeth heb bori neu amaeth tu fewn. Byddai nifer o bobl yn gweld y math hwnnw o amaethu'n anerbyniol, ac yn sicr mae'n mynd yn groes i'r math o amaethyddiaeth yr ydym wedi'i datblygu ac wedi arbenigo ynddi yng Nghymru, sef amaeth sy'n ddibynnol ar bori glaswellt. Felly, mae rhai o'r senarios sy'n rhoi'r canlyniad gorau i chi o ran cwrdd â'r targedau a lleihau allyriadau nwyon tŷ gwydr yn gymhleth ac, o bosibl, yn annerbyniol. Yn y pen draw, mae'n siŵr y gellid dweud na ddylid cadw anifeiliaid o gwbl er mwyn lleihau nwyon tŷ gwydr, ond wedyn mae angen i ni fwydo ein pobl, ac mae cig coch a chynnyrch llaeth yn bwysig o ran deiet.

[13] **Rhodri Morgan:** Onid yw'r agweddau hyn braidd yn unigryw—os nad yn gyfan gwbl unigryw—i'r sectorau yr ydych yn gyfrifol amdanynt? A yw'n anoddach hefyd achos bod gennych fwy o siawns i gyfrannu'n gadarnhaol at leihau faint o nwyon tŷ gwydr sy'n cael eu cynhyrchu yng Nghymru—er enghraifft, plannu digon o goedwigoedd neu ddefnyddio technoleg arall nad wyf yn gyfarwydd ag ef? Mae mwy o botensial o dan eich cyfrifoldebau fel Gweinidog a'ch adran. Mae gennych y gallu i gyfrannu'n gadarnhaol, yn ogystal ag atal yr agweddau negyddol ar y gweithgareddau a welir yng Nghymru. A yw hynny'n broblem o ran gwerthuso a monitro'r hyn y dylech fod

control of the Assembly Government. However, two years ago, I commissioned a specific piece of work under the leadership of Professor Gareth Wyn Jones on land use and climate change. The report contained a list of recommendations noting that the main gases that contribute to climate change from this sector are nitrous oxide and methane. One recommendation that attracted attention at the time was the proposal that one way of controlling methane was by keeping animals in sheds throughout the year, capturing the methane before it was released into the environment and making use of it.

**Rhodri Morgan:** Agriculture without grazing, then.

**Elin Jones:** Yes; agriculture without grazing, or indoor agriculture. Many people would find that kind of agriculture unacceptable, and it certainly runs contrary to the kind of agriculture that we have developed and in which we have specialised in Wales, namely agriculture that is dependent on grazing. Therefore, some of the scenarios that give you the best return in terms of meeting the targets and reducing greenhouse gas emissions are complex and, possibly, unacceptable. At the end of the day, I suppose that you could say that, in order to reduce greenhouse gas emissions, we should not keep animals at all, but we need to feed our people, and red meat and dairy products are important for diet.

**Rhodri Morgan:** Are these aspects not somewhat—if not entirely—unique to the sectors that you are responsible for? Is it also more difficult because you are more likely to contribute positively to reducing the amount of greenhouse gases that are produced in Wales—for example, planting new forests or using other technologies with which I am not familiar? There is more potential under your responsibilities as Minister and department. You are able to contribute positively, as well as by preventing the negative aspects of the activities that take place in Wales. Is that a problem in the evaluation and monitoring of what you should be doing?

yn ei wneud?

[14] **Elin Jones:** Cytunaf, yn bendant. Canolbwyntiais yn fy ateb blaenorol ar yr agweddau negyddol, ond gallwn gymryd camau cadarnhaol er mwyn cyfrannu'n gadarnhaol at leihau nwyon tŷ gwydr. Drwy gynlluniau fel Glastir, yr ydym yn edrych i lyncu carbon yn ein mynydd-dir ac i roi anogaeth i ffermwyr wneud hynny drwy roi cymhelliad ariannol iddynt. Yn ogystal, mae'r targed yr wyf wedi'i osod—sef ceisio plannu 100,000 ha o goedwig newydd dros yr 20 mlynedd nesaf—yn ffordd y gallwn ymyrryd yn uniongyrchol i edrych ar yr agweddau cadarnhaol. A hoffech ychwanegu unrhyw beth, Clive?

**Elin Jones:** I agree, definitely. I focused in my previous answer on the negative aspects, but we can take positive steps to contribute positively to reducing greenhouse gas emissions. Through schemes such as Glastir, we are looking to capture carbon in our uplands, providing farmers with a financial incentive to encourage them to do so. In addition, the target that I have set—of trying to plant 100,000 ha of new woodland over the next 20 years—is a way in which we can intervene directly to look at the positive aspects. Would you like to add anything, Clive?

[15] **Mr Bates:** I have a few thoughts on this. There are quite a lot of market forces pressing in the right direction here. Inputs are getting more expensive and they are quite energy intensive, so they are getting used less. There has been pressure on farmers to increase productivity, and we have seen more meat produced with fewer livestock. That has been a big structural change in the landscape; we are getting more out of each sheep. There is also a lot of potential around renewables and the use of farmland and the forestry estate for small-scale hydroelectric projects and windfarms. We have been working closely with the Environment Agency on trying to tackle some of the regulatory barriers to doing that, so that we get a more even weighting of the energy and climate imperative alongside the other things that the environment agency is there to do to protect the environment. There is also quite a push to increase the uptake of anaerobic digestion on farms as a renewable energy and waste management technology. All of these things are finding expression in Glastir or in other schemes that we are promoting. So, there is a lot being done, but it is hard to be very prescriptive about what those things will actually deliver. We do not have a strong command and control grip on the farming sector; we have a system of incentives, payments, some rules, persuasion and good information. It is that mix of things that will give us the results.

[16] **Alun Davies:** This goes to the heart of some of the issues around cross-departmental working. You have already given evidence to our inquiry on carbon reduction in terms of agriculture and the management of the Welsh uplands. At that time you seemed far more positive than you are this afternoon, if you do not mind me saying so. I am not sure what contribution Glastir will make to some of these policy areas. Going back a year or two, I felt that we were seeing a far more positive approach from Government that was seeking to deliver carbon emissions reductions within the industry, as well as managing the land in such a way as to ensure that carbon sinks existed and were strengthened across the country, so that they would have a much wider impact on Wales's overall carbon emissions.

[17] **Elin Jones:** Glastir has been designed specifically to meet those challenges, and I am sorry if I sound too brow-beaten over Glastir; I should not be. In terms of its all-Wales element and, more specifically, in terms of its targeted element, Glastir has been designed—for the first time within agri-environment programmes—to incentivise farmers to look at maintaining carbon sinks and the carbon content of the uplands and to manage water effectively so that the standard and cleanliness of that water and its management is contributing to flood alleviation downstream. All of that is in place within this agri-environment scheme. Previous schemes have focused on biodiversity issues, primarily because of the challenges of the day. We have extended that completely and turned it around to ensure that other areas are covered as well, because they are the new challenges set out to

us in the common agricultural policy. More importantly than that, they are issues that this Government wants to undertake and wants to see our farmers contribute to. It is right, then, that the public purse pays our farmers to deliver on those public goods.

[18] **Alun Davies:** One key issue that we discussed during the Rural Development Subcommittee inquiry into axis 2 of the rural development plan was the cultural change needed to achieve some of these objectives. Could you outline how the Government has attempted to promote that cultural change within the farming industry?

[19] **Elin Jones:** Yes, by providing a scheme such as Glastir, which has a range of options that include the new options available to farmers on carbon and water management. These are not easy issues to tackle as incentives. Farmers are given a lot of messages about the need to increase food production and the need to keep more livestock in order to do that. I am quite clear that we want to see an increase in food production in Wales; we need to feed our people and provide food as an economic product for businesses to profit from as well. In the future, we will need to do that with less of an impact on greenhouse gas emissions, climate change and on the environment more generally.

[20] The Foresight report that was published a couple of weeks ago by the UK Government's Chief Scientific Adviser, John Beddington, said that more food needed to be produced, but with less of an environmental impact. The report called it the 'sustainable intensification' of agriculture. It is a new phrase; I have not heard it put that way before. On the whole it encapsulates what I want to see for Welsh agriculture and land use. More food needs to be produced, as well as a wider diversity of food than, possibly, we have seen for the last 30 years. We have to do that with less of an impact on climate change and the wider environment. Somehow, we, as a Government, and our farmers, need to crack that. There are many policy conflicts in there. For farmers, culturally and in trying to work out what Government wants from them, it is not always straightforward, as I have probably proved with the introduction of Glastir.

1.20 p.m.

[21] **Leanne Wood:** I want to ask you about Welsh woodlands. In your paper, you say that there are opportunities to increase the resilience of Welsh woodlands to the changing climate, and that that will be achieved through three main strategies. When will those strategies be published, and what are the expected timescales for their implementation? Also, through these plans and strategies, will you be able to account for the unexpected, such as the current outbreak of sudden oak death?

[22] **Elin Jones:** The 'Better Woodlands for Wales' strategy, which was published in 2008, now has an action plan that is putting in place all the various strategies for building up the resilience of the public forest estate and our relationship with the private woodland estate in Wales. One of the key areas of that is ensuring that with tree planting, whether undertaken as areas are felled or as new planting, a wider diversity of trees is planted, rather than monoculture planting, which is not resilient as it involves one species, and if that species were subject to disease, it would disappear completely. So, we need mixed woodland to build up resilience. The advice that we have received from forestry science is to plan in line with the climate projections for the next 50 years. We also need to consider—particularly in relation to the public forest estate—where there is felling, whether that land should be reforested. In some cases, in the uplands of Wales, that land should not have been forested in the first place. Upland peat bogs are a better use for that land, and they offer a return for the environment. So, tree planting will only happen on areas of land where it is appropriate to do so, in order to maintain the land itself as a carbon sink in those areas, rather than the tree planting being the carbon sink.



[23] **Leanne Wood:** How will the plan look over the next 50 years? Will you have a map of publically-owned forestry in Wales and decide which different bits are best suited to certain activities?

[24] **Mr Bates:** The Forestry Commission has just published an interesting document on options for management and options for implementing those three strategies. At the moment, we do not have a direct answer to that question, to say that there will be a map on which it will all be laid out. We work closely with the Forestry Commission, but it leads the thinking in this area. It is looking at options, and we are trying to get these ideas embedded in forestry practice and worked into Glastir and the woodland management aspects of that. We are not at the stage where we have something as crisp as a map. We are trying to get our heads around the challenges and the way that we would deliver those strategies. However, I recommend the document by the Forestry Commission, as it provides very good account of the early thinking on how to implement the strategies.

[25] **Kirsty Williams:** We will ensure that the clerks send a link to that document to Members so that they can access it and have a look at it. Thank you for that recommendation.

[26] **Lorraine Barrett:** Before I ask my question, I want to refer to something that the Minister said about animals producing methane. There is another way, which is to eat less meat and dairy, because they are not necessary for a good diet. I wanted to get that on the record.

[27] **Elin Jones:** I noticed your sudden interest in what I was saying.

[28] **Lorraine Barrett:** As regards land managers and managing woodland, how are you ensuring that there is behavioural change at a local level to incorporate sustainability on a daily basis, and how are you monitoring that?

[29] **Elin Jones:** I need to go back to some of the answers that I have given already, in that the majority of those involved in such behavioural change would, in the private sector, be the landowners who, in the main, are farmers.

[30] This is about incentivising farmers, through grant support mechanisms, to farm in a particular way. That is one approach that can be adopted through Glastir. It also about working with farmers, through our Farming Connect advisory service, to look at how farmers, at an individual farm level, can reduce waste, turn waste into energy and be more effective in terms of understanding the greenhouse gas emissions that result from their agricultural activities. On top of that is the work we are doing with Hybu Cig Cymru to look at the environmental impact of the red meat food chain and to see how that sector could reduce its impact on greenhouse gas emissions. We did similar work with the dairy sector—I believe that we called that process the environmental road-map. We worked with various colleges that work directly with dairy farmers to have better on-farm management of issues relating to waste and energy reduction.

[31] **Angela Burns:** My questions refer to the Welsh Assembly Government's policy gateway—gosh, it has such a long name. Do you use it, how often do you use it, do you use it for every policy and how useful is it?

[32] **Elin Jones:** Yes, it is used, and I will now bring in my colleague to describe its use. *[Laughter.]*

[33] **Mr Bates:** We use the policy gateway for major policy developments. It is a kind of peer-review system that aims to look at whether policies have been developed in the round. Our sense is that this is an area in which we could do more, not least because the resources

available to the Welsh Assembly Government are declining, and we need to be tougher and more disciplined with the resources that we have—we always should have been, but this is now an absolute imperative. We need a stronger level of scrutiny, with more senior and experienced people involved, and we need a more structured approach to peer review. There is a lot of thinking going on about how we can strengthen the gateway and make it more effective. This is essentially about challenging to achieve value for money, but with ‘value’ and ‘money’ defined in the widest possible terms within our definition of ‘sustainable development’. So, we do use the policy gateway, but as a Government, we are determined to make that gateway and its associated procedures stronger, as part of the way in which we deliver for the next Assembly.

[34] **Kirsty Williams:** The Government only renewed it in 2009, which is only a financial year ago. A year later, you are already telling us that it needs to be made stronger. How have we got ourselves in a situation where something that was renewed only a year ago needs to be strengthened again? Why was it not done last year?

[35] **Mr Bates:** It is because we are engaged in continuous improvement. It has definitely been improving and is definitely stronger than it was. We think it could be stronger. We do not get to a certain point with these things and then say, ‘Well, that is enough. We are satisfied.’ We learn from the experience of using these processes; we learn from the type of information that they produce and the strength of the peer reviews conducted; and we try to improve. I would see this as progress rather than a failure that we are now moving to correct. We have a completely normal approach. We are constantly trying to find things that we could do better, particularly in this area.

[36] **Angela Burns:** Does the policy gateway ask you directly about a new policy’s potential contribution to the sustainable development indicators? As we have discovered in Plenary over the last few months, those indicators are like shifting sands.

1.30 p.m.

[37] **Mr Bates:** The gateway itself is a process. The questions that are asked come down to individuals and to how appropriate those questions are to the matter at hand. One thing that we are asked to do is evaluate all policies—and this is not really an agriculture or land use issue—for their climate footprint. The danger of doing that is that we create a very large administrative and regulatory burden in a lot of policies that have negligible or nugatory climate change implications. That just turns everyone off. Our stakeholders feel as though we are throwing appraisal after appraisal at them, so we have to be disciplined. The idea is that we do it appropriately—we identify the things that have big carbon footprints where Ministers can make a big difference. Glastir would be one of those things, because climate change is integral to it. Others would include motorway proposals, rail proposals, power and renewables policy or big construction projects. It would be less worth while scrutinising some of the things to do with child poverty for their impact on the climate, however. The most important things to be scrutinised in that strategy would be equalities and the social and economic poles of sustainable development, rather than the environmental aspect. So, it is a matter of discriminating and not imposing needless regulatory or information burdens on people who are trying to square lots of different things.

[38] **Angela Burns:** I think that what you saw is eminently sensible, but I want to confirm my understanding of it, because the Minister for Environment, Sustainability and Housing believes that every policy’s potential contribution should be verified. As I said, I totally understand where you are coming from.

[39] **Mr Bates:** We think about it for everything, but that does not mean that we conduct an assessment for everything. It is a gateway, so you do want to go off to work out the carbon

footprint of everything—you want to assure yourself that is a negligible, nugatory amount. So, I think that the Minister for Environment, Sustainability and Housing is right to say that we should think about it for everything, but that does not mean that we should conduct an assessment for everything.

[40] **Kirsty Williams:** Thank you. Irene?

[41] **Irene James:** I think that most of my questions have been covered, Chair.

[42] **Kirsty Williams:** Okay, thank you for that. You said earlier, Minister, that changing the agri-environment schemes meant moving away from the issue of biodiversity. This committee has just done a significant amount of work on biodiversity, and the conclusion is that we have not ticked the biodiversity box. It is not something that we can move away from, given that we have missed international targets on biodiversity. I assume that the answer is not quite as stark as that.

[43] **Elin Jones:** I hope that I did not say it as you said it—I had not intended to say it in that way. What I had intended to say was that biodiversity has become one of a number of other challenges, whereas Tir Gofal and Tir Cynnal—the previous agri-environment schemes—concentrated primarily on increasing biodiversity. There are a number of new challenges that the agri-environment schemes need to undertake, and biodiversity continues to be one of those important challenges. However, there are also other challenges that society, the Assembly Government and the European Commission have noted.

[44] **Kirsty Williams:** A final question from Rhodri Morgan, because I can see that the Minister for Social Justice and Local Government is getting a bit twitchy outside.

[45] **Rhodri Morgan:** It is possibly my final chance to ask this question. Do you believe that biochar—which has been adopted by certain hedge fund billionaires who are worried whether they will go to heaven—is a possible route to suppress climate change? Is it a complete will-o'-the-wisp, or do you think that it has a contribution to make?

[46] **Elin Jones:** Do you know what biochar is, Clive?

[47] **Mr Bates:** It is a biomass biofuel. It is hard to say—it depends on where it comes from and how it is produced. I know that that is an unsatisfactory answer, but it depends on how it is produced and what opportunity cost it has. I am sure that it has a place, but I would never bet the house on any particular technology, whether it is carbon capture storage, nuclear, biofuels, bioethanol, anaerobic digestion or anything else as a unique silver-bullet answer to something like climate change and sustainability. However, I do not doubt that it has potential.

[48] **Rhodri Morgan:** So, it is a definite maybe, as Sam Goldwyn would say.

[49] **Mr Bates:** It is an unequivocal 'probably'.

[50] **Elin Jones:** It is a 'possibly' more than a 'probably'.

[51] **Kirsty Williams:** That sounds like a very good question to ask the Minister in the Chamber. [*Laughter.*] We will give the Minister an opportunity to study biochar in greater depth.

[52] **Elin Jones:** I will look it up on my iPad tonight.

[53] **Kirsty Williams:** Thank you for your attendance this afternoon, Minister, and thank

you for your assistance, Mr Bates. We are grateful for your time.

1.35 p.m.

**Prif Ffrydio Cynaliadwyedd ac Ymrwymiadau ‘Cymru’n Un’: Sesiwn gyda’r  
Gweinidog  
Mainstreaming Sustainability and ‘One Wales’ Commitments: Ministerial  
Session**

[54] **Kirsty Williams:** We now move on to item 3 on this afternoon’s agenda, which is the second session of scrutiny of Ministers. I welcome to the table Carl Sargeant, the Minister for Social Justice and Local Government, and his officials. Thank you, Carl, for making yourself available to the committee so that we can get an understanding of how you are mainstreaming sustainability in your portfolio. Perhaps, for the record, you would be good enough to introduce your officials and make some brief opening comments about your approach to this subject before we turn to questions from the Members.

[55] **The Minister for Social Justice and Local Government (Carl Sargeant):** I am here with Grant Duncan and Dave Powell, who is the acting DG. Grant, your title is—

[56] **Mr Duncan:** Head of operations for public services and local government delivery.

[57] **Carl Sargeant:** Thank you for the opportunity to present—

[58] **Mr Powell:** May I just say that I am the acting director of social justice and local government, and not the DG?

[59] **Carl Sargeant:** He knows what I meant.

[60] **Kirsty Williams:** I am glad that someone does. [*Laughter.*]

[61] **Carl Sargeant:** Thank you, Chair. The social justice and local government portfolio has an important part to play in taking forward sustainable development. Many of the deliverables directly contribute to the improvement of wellbeing and the reduction of inequality through the processes in my broader portfolio. I look forward to your questions and I welcome the opportunity to try to explain the detail of my department’s work on this.

[62] **Kirsty Williams:** I will begin by asking explicitly what sectoral targets within the climate change strategy you have responsibility for, and what targets you are working to meet by 2020.

[63] **Carl Sargeant:** The process for me is slightly different to that for some of the other portfolio Ministers. My concern is around creating an effective framework and strategy for governance and improvement in local government. Local authorities are the deliverers, and I create the framework around that, creating the regime around the strategic planning elements of community planning. That is all in my portfolio. So, my responsibilities to and for local government are slightly different to those in other portfolio areas, where Ministers have specific responsibilities, such as responsibilities for health and social services, education, housing and so on. Those Ministers have direct responsibility for those areas and such decisions would be for those Ministers to take rather than me. I create the framework for driving improvement through local government, but they would be specifically responsible for the policy elements delivered through local government.

[64] **Leanne Wood:** That sounds quite complicated. Would it be helpful if local

government had a duty to reduce carbon emissions by 3 per cent per annum in its areas of devolved competence? Would that make your job a bit easier?

[65] **Carl Sargeant:** I suppose that it is quite complex, when you look at it like that. However, that is one of the reasons why we do not have specific targets. The issue is around each Minister holding local government to account for their responsibilities. I have the levers and the processes to help them improve, but if I were to have separate targets that would be duplication and there would be a risk of double counting and so on. If local government had targets, other portfolio Ministers had targets and I had targets, there would be a mass of confusion. At the moment, the relevant portfolio Ministers have responsibility for looking at what local government delivers in reductions.

[66] **Leanne Wood:** How can we be sure that local government's greenhouse gas emissions are not going up every year?

[67] **Carl Sargeant:** There are currently many ways of monitoring that. Again, each Minister has a specific duty around their portfolio. What we are essentially trying to achieve, so far as my duty is concerned, is to create behavioural change in leadership in local government with regard to how they perform.

1.40 p.m.

[68] The main aspect is the measurement of improvement. How do we get improvement in the system? The measures of sustainability are part of the improvement programme. Some of their targets are about sustainable planning and sustainable development. That is why we have the checks and balances. So, failure in authorities or poorly performing authorities will be picked up through improvement reporting, outcome agreements and so on.

[69] **Leanne Wood:** There are some examples that you could point to where local government is leading the way, in Wales in particular. Food waste is one example. Now, local authorities are ensuring that everyone can contribute their food waste to energy production. That is a concrete example of everyone having changed their behaviour to contribute to cutting greenhouse gas emissions. However, we cannot grab hold of that to show that local government is cutting carbon emissions by this amount by taking these steps, can we? I am wondering whether it could be made simple so that people could see how different policies affect reductions. That might be helpful to all of us.

[70] **Carl Sargeant:** It is very difficult for people to grasp the concept of sustainability. It is much easier for people to understand where they can actually see reductions—I get that. There are some elements that we can measure. We look at delivery on waste. Where there is not good performance, we step in. I stepped in recently in relation to one authority, where the recycling programme was off the mark. It was not meeting its targets, so I reduced its budget as a penalty. There are levers to achieve this and there are some measurables. However, again, that is down to the Minister who sets the policy. Once the policy objective has been set, I see my role as being to help local government achieve it through leadership, encouragement, and direction through Measures. I understand what you are saying: that overarching local government block makes it difficult to set a measurable target for reductions because it goes across many areas of Government policy.

[71] **Alun Davies:** I am interested in this. Recently, we have spent some time reading the Proposed Local Government (Wales) Measure and looking at what you are seeking to do in terms of improvements to services. However, Minister, it seems that it lacks that central drive from the Welsh Assembly Government to ensure that the improvements being demanded by way of the new legislative framework are achieved. Sustainability does not seem to be hard-wired into it. Can you reassure us, perhaps giving us some examples, about how the new

legislation will drive change in local authorities?

[72] **Carl Sargeant:** Thank you for your question, Alun. What is really important is that they are two separate things. We are taking through this proposed Measure, but we also have the Local Government (Wales) Measure 2009, which has more of a link. The current proposed Measure is about local government scrutiny and personnel development in councils. In fact, the 2009 Measure gives us the levers and the programme to support sustainable development within the structures of councils. So, in fact, we already have that programme in place. Things such as service improvement, mainstreaming sustainable development in community leadership, and planning processes are already in place under the 2009 Measure. Chair, it might be useful for me to send you a note on how the 2009 Measure creates a framework and boundaries with regard to sustainability in local government. I believe that we already have that element in place. The proposed Measure that we are currently progressing is actually more about the structures of local government—of councils—as opposed to the policy side of things.

[73] **Alun Davies:** Thank you very much. Do you collect any data from local authorities on their performance on sustainability? Is there any way in which you measure councils' performances? We know that the Government does and should collect data on a number of different aspects of local government performance, but, at the moment, you do not seem to have the same sort of data set available on environmental performance.

[74] **Carl Sargeant:** As you are aware, there is collective responsibility for sustainable development across the Cabinet. I think that we will be reporting in March on the broader principles across Government, and local government will be included in that report. On the specifics of what local government does, we are constantly looking at how our improvement drive is going. There are some good stories in local government; it is not a negative picture. We have met the chair of the Sustainable Development Commission, who was upbeat about what local government is doing. The situation is different in different places, as we have 22 authorities doing many different things. For me, the key is how I drive best practice across authorities to deliver improvement in sustainable development in all of our portfolio actions. It is not just about the smoke that goes up the chimney, but about our whole ethos of community development and how the power of wellbeing can change how people see their environment; that is what we are trying to encourage through the communities element of my portfolio.

[75] **Kirsty Williams:** We would like a sense of exactly how you are ensuring that action is being taken across 22 different local authorities. I am not getting a sense of how you keep a handle on what is happening. I get the sense that individual portfolio Ministers are looking after housing or education, but I am not getting a sense from you, as the Minister for local government, as to where you place issues of sustainability in the hierarchy of all of the other things that you have to discuss with local government and how you are ensuring that action is being taken across the piece. Rhodri, did you want to come in on this point?

[76] **Rhodri Morgan:** I could not have put it better myself, Chair. I want to focus on this question of the public sector being deemed to be more capable of contributing in a measurable and monitorable way—if there is such a word—to the reduction of greenhouse gases, not only in its own right, but because of its influence on so many other decisions. How do you monitor and assess whether local government and other aspects of the public sector in your portfolio are contributing to the suppression or lowering of emissions from Wales?

[77] **Carl Sargeant:** Going back to what I said earlier about the local government Measure 2009, we build what is required into the structure of local government so that it knows what it is expected to do and how it is expected to behave. The Measure requires community planning partners to identify long-term objectives around economic and

environmental wellbeing in the area; local government is obliged to take that forward in its processes. You asked how we measure the outcomes of that, and what local government is doing to deliver those outcomes. Measurements on improvements in sustainability are built into the improvement programme reports that I get from the Wales Audit Office. Where I see failings, I try to understand whether they are in specific projects, and I ask what those specific projects are doing and how we measure their outcomes. I can provide further examples in a paper to the committee, but one example that I can refer to today is the energy programme of Groundwork Bridgend and Neath Port Talbot. Its action is to deliver carbon savings from a renewable energy scheme. I understand that the project has reduced carbon dioxide emissions by over 250 tonnes; there are, therefore, significant gains being made, and local government is stepping up to the plate.

[78] **Rhodri Morgan:** May I ask for some other practical examples, just to test the proposition of whether you, or another Minister, are responsible for sustainability in these particular areas? In local government, for instance, we are seeing investment in new schools, usually involving the knocking down of the trashy Meccano claw-and-clasp schools built in the mid-1960s; that is great because it usually involves one new school being built to replace two old schools. As you know, the previous schools in which most of our children were educated—well, speaking for me anyway—were absolutely rubbish. You fried in the summer and you froze in the winter. So, the replacement of those is wonderful both for energy and education. Does that come under your portfolio or the education portfolio? Who gets the credit when two rubbish schools are knocked down and one nice new one is built?

1.50 p.m.

[79] **Carl Sargeant:** Unfortunately, the credit goes to Mr Andrews, because he is responsible for the bidding process and the programme for developing new schools. However, some elements are my responsibility directly. For example, I am responsible for projects such as the community facilities and activities programme and the community asset transfer programme, where we invest, where bids come through from the voluntary sector, and we insist that certain criteria are met, for example, the Building Research Establishment environmental assessment method standard for the sustainable development of buildings. That has to be taken into account when there is a bid to the Welsh Assembly Government. So, the answer to your question is Leighton, but I have responsibilities for elements of that, such as CFAP.

[80] **Rhodri Morgan:** Do you take the credit for it departmentally, or is it Leighton?

[81] **Carl Sargeant:** I would like to. However, it is a collective—

[82] **Kirsty Williams:** I think that we have established that the Minister for local government does not have any targets to which he is working, and that the targets go to other Ministers.

[83] **Rhodri Morgan:** It is frustrating, is it not?

[84] **Kirsty Williams:** It is a bit, yes.

[85] **Carl Sargeant:** It is convenient; it is quite nice. [*Laughter.*] The issue of who measures what is a very serious one. What is important is that someone is responsible for it, whether that is me or another Minister.

[86] **Kirsty Williams:** Minister, local authorities have a relationship directly with you, so if they are to take this agenda seriously, the Minister whom they are called in front of, whom they see on a regular basis and have the most contact with, is you. If you do not have any

targets to which you are specifically working, my concern is about how that translates into local authorities getting to grips with this issue. They have a huge amount to offer in this regard. Do you want to come in on this, Leanne?

[87] **Leanne Wood:** Sometimes I get a sense that it is like trying to catch jelly here, in trying to pin down who is responsible for what. Local government has a huge role to play potentially in cutting down our greenhouse gas emissions by making housing as low carbon as possible, changing procurement so that local companies can bid for work, doing local transport planning, renewable generation such as the example that you just gave, and community heat and power schemes. We have to try to cut down our fossil fuel use. What is happening overall in local government so that that aim of a reduction in fossil fuel use is being mainstreamed in everything that local government does? It is very difficult for us to try to get our heads around how that is actually working and to try to pin that down.

[88] **Carl Sargeant:** I agree. There are two points to help to clarify that. I have the overall framework responsibility for local government. However, the majority of the examples that you raised come under different Ministers' portfolios. We do not act in isolation in our decisions about what we do and how we do it. There is an understanding that there is a collective responsibility around the climate change agenda. That will, of course, be reported on in March, as Dave said. In terms of the position of local government on what it does and its responsibilities, there are the Changing Climate, Changing Places pilot schemes. There are four pilot schemes and the WLGA have a list of partners: WAG, the Environment Agency, the Countryside Council for Wales and Science Shops Wales. When those are concluded, which will be shortly, the WLGA will be giving me a paper so that I can understand better how those projects have been taken forward. Then we can roll that out.

[89] **Leanne Wood:** Will you be able to direct the roll-out of those successful programmes, then?

[90] **Carl Sargeant:** If they do not adopt that policy, then yes we can, through the Local Government (Wales) Measure 2009. I have sometimes been critical of local government and its ability to keep pace with change with regard to collaboration and so on. It is different in different places. The commissioner says that local government is well-placed in this regard. This is not a bad news story for local government. It has taken up the mantle and is moving forward quickly with it.

[91] **Mr Powell:** The other thing to add is that, in overall terms, the public sector and local government have the same climate reduction commitment, which is being introduced on a UK basis. Eventually, this will evolve—from 2013, I think—into a cap and trade scheme, which will ratchet down the use of carbon, and there will be a direct financial impact. So, there is much benchmarking work going on by local government across the United Kingdom, and particularly in Wales, in readiness for that. It was due to start in 2012, but the new UK Government is going to consult on what it regards as a simplification of the scheme, so it has gone back to April 2013. The whole aim of that is to ratchet down carbon emissions across the public sector, and local government will be pivotal in that respect. The Minister has already mentioned 'Changing Climate, Changing Places' and the four projects that will report in March. There are other strands going on as well. Three consultancy firms are helping local government on future trends. That is wider than carbon, as it is also looking at what our demographics and employment patterns will be, and how we hard-wire those into our planning for the future. Again, much benchmarking work is happening in taking that forward.

[92] **Carl Sargeant:** The WLGA is producing a report, which will be launched at climate change events during Climate Change Week at the end of March. From that point onwards, that is when local government, broadly, will understand the pilot schemes better, and that is when I will be expecting local government to adopt better practice in that regard.



[93] **Alun Davies:** In terms of accountability, a lack of targets and of any means of analysing the work done leaves us with a bit of a problem. The written evidence that you have provided is very much a narrative, and is descriptive and almost discursive in tone. It does not state what you are doing or achieving. There does not seem to be a story of what the Assembly Government is doing in seeking behavioural change in local government and the impact of that on the overall Government programme. The Government needs to recognise and address that in taking this forward. You talked about the WLGA report at the end of March, but that is not good timing for this Assembly. Will you be seeking to use that as a means of understanding where local government is today and will you then be setting clear targets for local government over the next period in order to reassure us and provide a framework of accountability, so that we know that Ministers in the next Assembly Government are driving this process in local government across Wales?

[94] **Carl Sargeant:** It is unfortunate that the paper does not give you the detail that you are seeking in terms of numbers. What we have tried to do is set the scene for what local government's duty, and what my duty, is. As Minister for local government, I am a non-deliverer, but I set the framework behind the delivery mechanism. We have tried to set the scene in the paper.

[95] In terms of what the WLGA papers will relate to, in terms of best practice, what is achievable and what has been done, I would seek to drive that forward, and I would hope that whoever is the Minister after May would do the same. I was asked earlier whether I have a specific target. I do not, but local government is a major contributor to driving the 3 per cent reduction across Government. I am more than happy for my officials to look at whether we can measure that better, which would be helpful for you as a committee, and for whoever is the Minister. I am more than happy to give them that task. I am encouraged that we are going in the right direction, but if you want more hard evidence, I am happy to seek to provide that, Chair.

2.00 p.m.

[96] **Kirsty Williams:** Thank you for that commitment. The committee would be grateful to receive that.

[97] **Angela Burns:** Funnily enough, I am slightly more relaxed on the targets issue, because I do not think that I have ever worked in or near an organisation that has as many targets as this one does, and we are not terribly good at hitting most of our targets. I am much keener on the direction of travel and objectives. I was listening with great interest to what you had to say about how you provide the framework for encouraging and enabling all the other participants to go out and deliver targets that are put on them in relation to education or health, or what have you. How do you monitor that you have made those behavioural changes and achieved that direction of travel? To be frank, all the targets in the world mean zip if we cannot meet them, and we are not meeting them. One example, which I picked out from your paper, is that improved wellbeing is part of the sustainable development agenda. Under the code of practice on third sector funding, the paper states that:

[98] 'Contractors and funded organisations are encouraged to adopt a sound, proactive environmental approach, designed to minimise harm to the environment.'

[99] These are great words, but how are you getting hold of Joe or Betty in Carmarthen or Mold, or wherever they may be, who are monitoring those or getting people in? What do they use as their benchmark, rather than making it all about targets? It is about the direction of travel. How are you getting your local authorities to monitor that and report back to you that that is happening on the ground? Everything that we have talked about so far is at the strategic

level, and it does not trickle through.

[100] **Carl Sargeant:** Getting communication through the programmes is a huge problem for the Government. I have taken a personal interest in how we can do that better. I have had discussions with local government and the third sector and I am trying to get them to develop a closer relationship, beyond the boundaries of what they normally do, to see how they can work better together for delivery. I have no levers for that; I cannot say to local government that it must have a compact with the voluntary sector to do certain things. I can encourage it to do that, and that relates to the leadership element. I am having a better response in different areas. What tends to focus minds is finances. I mentioned earlier CFAP and community asset transfer, and those have criteria that are set out and if they are not achieved you do not get the money. That focuses minds. Therefore, we have that element, but we are also trying to get the narrative around what local government and the public sector broadly think about doing things better. That is much more difficult and I am not going to sit here and say that it is challenging.

[101] **Kirsty Williams:** Leanne mentioned procurement earlier. I do not know whether you would like to pursue procurement issues further, Irene.

[102] **Irene James:** It was covered earlier, apart from the fact that there seems to be variation in procurement practice. Minister, what are you doing to ensure that there is a sustainable approach to procurement? If there is not, it leads to huge waste across all local authorities.

[103] **Carl Sargeant:** Procurement across local government has been poor for many years. We have recognised that through the efficiency and innovation board, on which Jane Hutt leads. The lead member for the procurement work stream on the efficiency and innovation board is Mohammed Mehmet from Denbighshire County Council, who is looking at how we gain from procurement collectively and how we can roll that out across the 22 authorities, as it is no good having good procurement in one area, and not in another. The efficiency and innovation board is focused on this, with a specific work stream led by the member from Denbighshire. I do not have the figures today, but I can give you more details, Chair, regarding specifics. I do not sit on the efficiency and innovation board, so I can get Jane Hutt—well, Jane Hutt will be here shortly. You may wish to ask her about that.

[104] **Leanne Wood:** In the additional information that you will provide, can you let us know what percentage of what is procured by local government is procured locally? How much food, for example, is procured locally? We could do a lot more in terms of local government, and the public sector in general, procuring food locally with smaller contracts. However, my understanding is that we are not good at that, at the moment.

[105] **Carl Sargeant:** There are European rules that prevent some tendering and procurement elements of this process.

[106] **Leanne Wood:** Have you looked at ways of trying to get around them?

[107] **Carl Sargeant:** I was just about to say that some countries are better than others at doing this. I believe that there was a case involving potatoes for schools in France where it was said that they had to be locally produced and sustainable. So, there are ways around this, and we can learn an awful lot. I will try to find some more details to help.

[108] **Kirsty Williams:** That would be very encouraging. I was not here when the committee previously scrutinised the relevant Ministers. My concern is that, during that time, local government under the former Minister—not you, but your predecessor—was highlighted in a committee report as being the most challenging and difficult area to pin

down. The fact that you are having to supply us with so much extra information suggests that local government remains an area in which this committee may have concerns regarding how this process works in reality. However, we are grateful for your attendance today and your commitment to trying to provide that extra evidence, which may go some way to reassuring us that there has been some progress in this department since 2009. I thank you and your officials, on behalf of the committee, for your attendance this afternoon.

[109] **Carl Sargeant:** I would like to respond, Chair. It is a difficult area, and the questions that you posed will help me respond by letter. However, the fact of the matter is that this is an arm's length delivery body. That is something that I have to try to understand better and glean information for you. I am happy to do that and give you the information in a letter.

[110] **Kirsty Williams:** Thank you.

2.07 p.m.

**Prif Ffrydio Cynaliadwyedd ac Ymrwymadau 'Cymru'n Un': Sesiwn gyda'r  
Gweinidog  
Mainstreaming Sustainability and 'One Wales' Commitments: Ministerial  
Session**

[111] **Kirsty Williams:** We are now going to hear from Jane Hutt, Minister for Business and Budget. I welcome Jane to the table. Thank you, Jane, for making yourself available this afternoon. Before we begin, perhaps you could introduce your officials and specify their roles. Also, you are welcome to make some brief opening remarks about your approach to mainstreaming sustainability in your work, and we will then turn to Members' questions.

[112] **The Minister for Business and Budget (Jane Hutt):** Thank you, Kirsty. On my left is Georgina Haarhoff, head of delivery effectiveness in the strategic planning, finance and performance department. On my right is Gunther Kostyra, head of policy in Value Wales. Also on my left is John Palmer, director of public service improvement.

[113] I am very pleased, Chair, to be able to come to this afternoon's Sustainability Committee meeting. I have given you an introductory paper that lays out a broad portfolio of responsibilities relating to sustainability. In addition to my familiar roles in covering finance and Government business, which Members will recognise, I also discharge responsibilities on behalf of the First Minister relating to efficiency, innovation and the spatial plan. The common theme in all of these responsibilities is that we are seeking to promote social, economic and environmental wellbeing among people and communities in Wales. That is the definition of 'sustainable development' in 'One Wales: One Planet', which is the key underpinning force in terms of responsibility themes, and how I deliver them as Minister.

2.10 p.m.

[114] Regarding my finance responsibilities, I have ensured that the Government has conducted a stringent equality impact assessment of the budget, resulting in clear prioritisation of the health service, social services, schools and skills, in selecting a very clear view of what is important for the future, but recognising that these priorities serve those objectives in terms of the social, economic, and environmental wellbeing of people and communities. Under the auspices of the efficiency and innovation board, which I chair, we have undertaken a range of pan-public sector activity to put us on a sustainable path in taking innovative approaches to assets, information and communications technology and procurement, which all focus on managing current resources effectively, but also creating space for future service designs emerging from our work on new models of service delivery.

[115] Procurement is a key part of the efficiency and innovation board's work, and we have benefited from the drive of Value Wales, in partnership, developing the national sourcing strategy, and, as my paper outlines, a number of national framework contracts that hold sustainability as a central organising principle.

[116] Finally, the spatial plan has played a very clear role over the period of the One Wales Government in shaping its response to sustainability. It has had a major impact on how things are done, involving the key interests that are crucial in the early stages of planning and delivery. The example that I am sure that we will have an opportunity to go into is the work on marine renewables in Pembrokeshire, where the spatial plan brings together industry, researchers, local authorities and environmental interests in delivering a cutting edge project in terms of tidal stream technology off the coast of Pembrokeshire.

[117] I could go on, but I think that that is enough for my opening remarks.

[118] **Kirsty Williams:** Thank you, Minister; I am sure that some of those issues will be picked up in questions from Members. For the sake of clarity, which aspects of the climate change strategy sectoral targets, if any, do you have specific responsibility for delivering, or is that not your role?

[119] **Jane Hutt:** I have a corporate responsibility as a member of the Cabinet. My various responsibilities, particularly the budget and business planning responsibilities, requires me to ensure that our commitment to sustainable development, as well as equality of opportunity, underpins the assessment of our draft budget and the former planning assumptions, which led to us presenting a draft budget to the Assembly.

[120] **Kirsty Williams:** So, you have a corporate responsibility and you also have principles of sustainability that underpin the approach that you are taking. Can you give a simple 'yes' or 'no' answer as to whether you are working to any specific sectoral targets?

[121] **Jane Hutt:** No.

[122] **Leanne Wood:** You mentioned that some assessment was undertaken with regard to the equalities impact assessment, and you have just mentioned that you are also assessing the sustainability outcomes. Can you expand on that? What assessment was made of the impact of the cuts in the draft budget on the long-term Government targets in terms of sustainability objectives?

[123] **Jane Hutt:** This was something that we had to take into account as a Cabinet when we started to look at priorities prior to the draft budget planning process, when we were looking at our planning assumptions in terms of a reducing budget that we knew that we would get from the UK Government. Regardless of who won the election last May, we recognised that we were planning for a reducing budget. So, we had to look at that in terms of sustainable development principles. It is a central organising principle in relation to all of our financial decisions. That had to steer and guide the Cabinet in terms of those early considerations.

[124] **Leanne Wood:** With a reduced budget, does it follow that there will be reduced emissions, as there will not be so much money to be spent on fuel for vehicles, for example? Could the overall reduced budget result in reduced emissions without any other action?

[125] **Jane Hutt:** That is not something that we looked at, given the scale of the difficult decisions that we had to make at that time in choosing our priorities. From that point on, when we had the predictions for the spending envelope from the cut in the June budget through to

the spending review, we knew that it was imperative that the principles of sustainable development applied beyond environmental areas and into social and economic areas. We knew that we would have to look at every portfolio and every budgetary decision for savings, and that is where the efficiency and innovation programme has been most important, as well as the work that Value Wales has steered on collaborative procurement. We also recognised that some of the work that we had already done in improving public service delivery, which was about efficiency and innovation, would steer us in delivering on climate change, alongside the climate change strategy and action plan. So—

[126] **Kirsty Williams:** May I interrupt? I think that I am clear that, when you were carrying out your budgeting process, you had a close look at the impact on equality issues, on which, of course, you have a strong track record, and a strong personal commitment. What I am trying to find out is whether a similar process took place with regard to sustainability, looking at the budget cuts and their impact on sustainability issues?

[127] **Jane Hutt:** Yes. It had to, because we are talking about sustainable development in its widest context, and the sustainable development scheme. To a large extent, the issues arising from the equality impact assessment also focus on those principles of economic and social—

[128] **Kirsty Williams:** So, having carried out that work, what is your Government's assessment of your ability to deliver on sustainability objectives as a result of those budget cuts? What is the outcome of that work?

[129] **Jane Hutt:** When we got down to agreeing our priorities and going through the assessments that we would do anyway on sustainable development, such as the policy gateway, the budget and business planning process, it was not just about equality impacts, but sustainability impacts. I mentioned my responsibility for the efficiency and innovation programme, which was intended to embed the principles of sustainable development into each workstream and ensure that they all focused on the environmental impact as well as the social and economic impact.

[130] **Leanne Wood:** You say that sustainable development is an imperative, and that you have considered it in all of the budgetary deliberations. From my point of view, no public money should be spent on something that contributes to greenhouse gas emissions. We should be spending public money only on organisations or projects that can demonstrate a reduction in greenhouse gas emissions. Can we say that that is the case at the moment?

[131] **Jane Hutt:** That would certainly be our objective, yes.

[132] **Kirsty Williams:** I think that we could probably give you a long list of things that you spend money on that lead to an increase in carbon emissions. However, we can debate that later.

[133] **Rhodri Morgan:** How do you ensure that the corporate business plan encourages sustainable development? In what way does the new-style corporate business plan differ, on the sustainable development achievement front, from past corporate business plans?

[134] **Jane Hutt:** I see that the Chair of the Finance Committee has left us at the moment. That is something that has been more important because of reducing budgets. It is imperative that we get this right and deliver on sustainable development as well as equality of outcomes, and we are looking at this much more as a deliverable—how we are delivering, how effective our interventions are, and what strategies are needed to improve outcomes. We are looking at how our business planning processes across the main expenditure groups, are directed to the most appropriate areas, continuing to seek to improve evidence on effectiveness. So, it is

continuous improvement, getting it right with regard to those central, joined-up corporate business planning efforts—

2.20 p.m.

[135] **Rhodri Morgan:** Sorry, if I may interrupt you for a second, I can see that, as you claim in your paper, you are protecting the budget for schools and that as you knock down some of the 1960s trash schools of the Meccano-type construction and replace them on a one-for-two or two-for-three basis with modern energy-efficient schools, you are contributing to a reduction in greenhouse gases—that is fine. I can see that, in waste management, by helping to organise consortia involved in waste management and contributing to Prosiect Gwyrdd and so on, you are going to be reducing our greenhouse gas emissions and wasteful use of resources. Can you give us some other examples of how the corporate planning process and your paper—in relation to how it touches on health and social services, universal benefits, skills and so on—contribute to either the reduction of greenhouse gas emissions or some other definition of sustainability that you may be using?

[136] **Jane Hutt:** That goes back to the questions asked earlier this afternoon. It is clear that reducing greenhouse gas emissions requires action across the board. It is jointly owned by the Cabinet in that we set the priorities that we wanted for a draft budget and then assessed and tested them to ensure that we had a corporate approach to delivering our business plan. We had to have evidence—to answer Leanne’s challenge—that everything that we were doing was moving us in the direction of the reduction of greenhouse gases. Arguably—and Jane Davidson certainly puts this to me regularly in our bilateral meetings—we have not only an imperative but an opportunity to make that happen with reducing budgets. We have an absolute responsibility. That is where you must ensure—and I will bring Georgina in at this point because she is responsible for effectiveness in terms of delivery—that you have a hard and clear business planning approach, which can be tested, and which should be tested and scrutinised, not just in terms of setting the draft and final budget but in terms of the delivery of the budget over the next three years.

[137] We have our monitoring framework for the climate change strategy and we have our sustainable futures Cabinet committee, which has enabled us to test and account for ourselves jointly and collectively as a Cabinet in terms of mainstreaming sustainable development. It must be driven by officials as well. Georgina, do you wish to come in on this point?

[138] **Ms Haarhoff:** Yes, I wish to add just a couple of things. On the business planning side, our role, in line with the principles in the sustainable development scheme, is, as the Minister said, about trying to understand much more about continuous improvement in the evidence base. This is not new; it is something that we are on a journey towards. It is also about our understanding of our impact in terms of how we deliver the Government’s programme. Our role in that is about integration and trying to bring all of those different parts together. A great deal of it is around the decisions made by Ministers. I believe that that will come up in other parts of the inquiry as you take evidence from other Ministers who make specific decisions about how they allocate the money within their MEG and how they take forward different programmes. However, our role is very much the corporate role of thinking about those issues together and ensuring that we are doing that effectively.

[139] With regard to our definition of sustainable development, we take our guide from the sustainable development scheme, which focuses on people’s wellbeing, alongside the emissions and waste management issues, which are fundamentally important in terms of our resource use. The headline indicators of sustainable development include economic, social and environmental measures and a measure of people’s wellbeing over the longer term as well as the global ecological footprint. So, our aim is to deliver on all of those and to think about how we are doing against all of those together. We have got to think about the balance

between those different issues.

[140] **Kirsty Williams:** Thank you for that, Georgina. That was very helpful.

[141] **Alun Davies:** I apologise for missing the first part of this session; I had a meeting with the Minister for Social Justice and Local Government. You describe in some detail in paragraphs 15 to 20 of your written evidence, Minister, how the spatial plan is driving change in terms of the different themes that you outlined. The committee has just concluded an investigation into planning, and I cannot recall the spatial plan being quoted by anybody as a director and driver of policy. Could you describe how the Government sees the status of the spatial plan and how you see it as a driver of decision making?

[142] **Jane Hutt:** As I laid out in my report to the committee, I am sure that your planning inquiry will be an important piece of evidence in reflecting on the role of the spatial plan. There are close links between sustainable development and spatial planning, and that is fully recognised in ‘One Wales: One Planet’, the new sustainable development scheme. It is clear that spatial planning is critical for the delivery of that scheme, particularly the role of the regional partnerships. I hope that you are looking at ‘Low Carbon Wales: Regional Priorities for Action’ for proof of whether we are delivering on those commitments through spatial planning and the regional priorities. I have already mentioned one example of that delivery in south-west Wales, where the low carbon taskforce, chaired by Peter Davies, is operating in Pembrokeshire and Swansea bay. In central Wales, we have the spatial plan partnership and the framework for action in developing the green economy; I can give many examples of the outcomes of those schemes. In north Wales, we have the low carbon route map, while in south-east Wales, strong links are being forged as part of the Low Carbon Research Institute. Spatial planning has played its part in bringing together the partners in those schemes, which has been critical. You were not in the room when I gave an example of partnership between a private-sector research project and local government in Pembrokeshire. The role that Ministers have played over the past four years has been critical in forging those regional partnerships in spatial planning.

[143] **Alun Davies:** I understand and accept that, Minister. I am talking about the Wales spatial plan as a live document driving Government policy and it is curious that, in an inquiry that lasted some months, almost none of the people who you would expect the Government to be working with mentioned the Wales spatial plan in their evidence. A number of us tried to tease out how the spatial plan is used, but as a live document it did not appear to drive any element of change outside Government departments.

[144] **Kirsty Williams:** To reinforce the point that Alun is making, in your opening statement, you referred to the spatial plan as having a clear role; I wrote that down, because it seems to us that, from the evidence that we heard in the planning inquiry, there is anything but a clear understanding outside Government of what its role is. We would be grateful to understand why you think that the Government is clear about the role of the spatial plan, while everybody else who is required to work with that document is anything but clear.

[145] **Jane Hutt:** I await the outcome of your review for consideration of the Wales spatial plan’s objectives.

[146] **Kirsty Williams:** We published it last week.

[147] **Jane Hutt:** It is a fair question to put. As far as my responsibilities are concerned, in the past year I have been reviewing the role of the Wales spatial plan, because it has had four years to develop the regional partnerships. I have given examples of the outcomes of that process, which are very important, particularly for this agenda of a low-carbon Wales. The steer is coming from the One Wales Government, via officials as well as Ministers. John, do

you want to say any more on that?

[148] **Mr Palmer:** We have seen the spatial plan playing three roles in the last cycle. It has played a role as an enabler, it has supported partnership arrangements and there has also been a delivery element. You are looking for a systemic effect with the spatial plan, and to shift as much activity as possible.

2.30 p.m.

[149] On the enabling side, I think that we have good evidence that many of the areas that we wanted to give an impetus to—for example, regional transport plans, Welsh European Funding Office strategic frameworks, local development plans, some of the work that has been done around strategic capital over the last cycle, and marine energy potential—have moved on. I do not think that these areas would have got representation in central government policy otherwise. So, the spatial plan has been useful in that way. It has also stepped into the regional level; there has been significant ministerial engagement through regional boards, and action plans have been attached to those boards. In particular, low-carbon work, which the plan has looked at recently, has been tackled and action plans for low carbon are now running in each Minister-led area. With an agenda so wide and large, it is sometimes difficult to detect the delivery, but when we have looked at what local service boards have done in response to the spatial plan steer, we have heard some good stories about carbon and emission reduction. You can look at Gwynedd, Flintshire and, more recently, Monmouthshire, which can give you attributable reductions in carbon emissions and good practice around fleet management, asset management and so on. So, at a number of levels, there is a good story to tell, but the spatial plan tries to tackle a very wide area and I think that that makes it a challenge to monitor and evaluate.

[150] **Kirsty Williams:** Thank you, Mr Palmer. Perhaps we should have taken evidence from you during our investigation into the planning system, as we might have got a little bit further. We move on to Alun very briefly, because I want to move on to talk about procurement.

[151] **Alun Davies:** Do you see the Wales spatial plan having a future in continuing to drive policy? I hear and understand what you have said this afternoon, but it jars somewhat with our experience during the planning inquiry. It is not the experience of people outside Government that it drives policy in the way that you think it does. I think that that is a significant question for Government. You believe one thing and it appears to a lot of stakeholders to be something different. That is an issue for the planning areas now. Is this the way in which the Government intends to continue to pursue driving this policy area?

[152] **Jane Hutt:** It would have been useful if you had taken evidence on the Wales spatial plan from me and the officials, but you did not. That is fair enough, but it would have given us an opportunity to give oral evidence as we have done this afternoon.

[153] We are at the end of a four-year programme of Government where the Wales spatial plan has delivered the outcomes and the regional partnerships and so on. I will not repeat it all again. We are here, looking at the impact in terms of sustainability, Alun. That is the key point this afternoon. The future of spatial planning is, without a doubt, critical. One of the points that we are taking forward now is the collation of our infrastructure to ensure that, during a time of reducing budgets, particularly in relation to capital and linked to the economic renewal plan, which has not been mentioned this afternoon, we are very clear about the importance of spatial planning. Whether or not you call it the Wales spatial plan, we have to recognise that it is critical to ensuring that we have a robust infrastructure in Wales.

[154] **Lorraine Barrett:** Minister, you state in your paper that there is encouraging



progress being made with regard to sustainable procurement. You say that your immediate focus will be on supporting economic renewal by making it easier for small, local suppliers to win more public sector contracts, consequently delivering greater benefits to local communities and economies. We have heard evidence that there is still a long way to go to ensure that sustainability is incorporated into the procurement process. How are you ensuring that sustainable procurement is being promoted within other ministerial portfolios? Can you say something about how you monitor that and work with your colleagues?

[155] **Jane Hutt:** I think that my paper lays out quite clearly how sustainability is central to the work of Value Wales. It is also reflected in its relationship with all the departments within the Assembly Government, which is critical. This involves training, guidance and support to the biggest buyers of goods and services in Wales. Local government and the NHS are also key in the use of sustainability tools. That is why we have the sustainable procurement assessment framework and the sustainable risk assessment template, which are now commonplace in these sectors.

[156] Things have moved on. If you have met with the Minister for Health and Social Services, I am sure that you will have heard about the NHS sustainable procurement group. Things have moved on a great deal as a result of our setting up the efficiency and innovation board, which has a work stream on collaborative procurement; commissioning is a priority in terms of efficiency and savings. That has also underpinned our budgetary work in getting money to the front line.

[157] I will give just one example from education, where the take-up of xchangewales framework contracts has been critical. If you look at the transactions, it goes back to Leanne's point. Xchangewales has helped to make public sector procurement more efficient. I want to quote one statistic: it has reduced carbon and paper, with transactions to date saving the equivalent of 991 trees and 59.3 tonnes of carbon. It is important in terms of efficiency, innovation and reducing carbon. There is a good story to tell in terms of procurement, particularly as a result of the collaborative procurement that we now have. This has been driven, I have to say, by local government and the NHS across the public sector.

[158] **Leanne Wood:** You say in your paper that Wales is acknowledged as a leading light in sustainable procurement and that £4.3 billion-worth of expenditure goes on procurement every year. How much of that would be procured locally, and do you have any ambitions to increase the percentage that the public sector is procuring locally? What can be done to ensure that local government procures more of its goods locally? Does EU competition law stand in the way of this, and has Value Wales done any work to try to find ways around EU competition law to make local procurement more likely?

[159] **Jane Hutt:** This is the tension that exists and the challenge that we face in terms of collaborative procurement, efficiency gains and not going for the lowest tender. We saw the twenty-first century schools scheme hit the headlines recently, when local contractors did not win those contracts, although there were six different parts of the framework contract, and despite some of them being below £5 million, local companies still did not win those contracts. I am preparing a statement on the assessment of that situation, and its implications, because we have improved our supplier qualification and information database. This is breaking down the barriers to accessing contracts, particularly by Welsh companies, and the number of Welsh companies has gone up considerably in 2010. Gunther can give you the figures.

[160] **Mr Kostyra:** When we did our first spend analysis in 2004, 35 per cent of public sector business was being won by companies based in Wales. I am not saying that they were indigenous Welsh companies, because the spend analysis was very much a postcode analysis. We have done a couple of analyses since then, and the latest take the figure to just over 50 per

cent. There has been steady progress over that period and more work is being diverted to—in a non-discriminatory way—Wales-based companies.

[161] **Rhodri Morgan:** [*Inaudible.*]—your phraseology.

[162] **Mr Kostyra:** You have to be careful, for the record.

[163] It is important to consider that the spend analysis is a postcode analysis. It does not show the good work that has been done across the whole of the public sector in looking at what goes into the supply chains. For instance, as the Minister has just referred to, the biggest spend area in Wales is construction. If you look at the spend analysis, most of the big construction companies are based in England—

[164] **Rhodri Morgan:** Or Holland. The ones doing all the hospitals are Dutch.

[165] **Kirsty Williams:** Rhodri, please let Mr Kostyra finish his answer.

2.40 p.m.

[166] **Mr Kostyra:** If you look at where the bills are being paid—which is what the spending analysis is based on—it looks like all the money is going out of Wales. However, through the use of community benefits clauses and other tools that we use, in some cases, up to 90 per cent of the supply chain is being retained in Wales. Even if we look at the most recent example, which was the framework in mid and north Wales, with those companies, the majority of the work is likely to be retained in Wales, even though the contracts may have gone to bigger companies outside the border.

[167] **Jane Hutt:** It is fair that Leanne asked a question about the EU regulations and whether they get in the way. Our building in Llandudno Junction might be a useful example, as the final out-turn was over £20 million, and the difference between contract cost and final cost reflected the cost of changes. However, it was a complex construction project and EU regulations on procurement do not allow geographical location to be taken into consideration when awarding a contract. You have to recognise that the project benefitted local businesses substantially, with over £400,000-worth of work and £8.7 million spent in the local area. Also, over 50 per cent of the workforce was from the local area. I appreciate that the former First Minister, who was responsible for this, is present.

[168] **Kirsty Williams:** We have already kept the Minister beyond her allotted time, and I am sure that she has places she needs to be, so please be brief, Rhodri.

[169] **Rhodri Morgan:** This issue over the Olympics has come up, namely the winning or otherwise of contracts either by companies in Wales or by companies with brass-plate head offices in Wales. What everybody wants to know is where the work is being done. That is not as easy to answer. In the case of hospital construction, for instance, with almost all of the hospital contracts that I am familiar with, the main contractor is BAM, the Dutch company. A Dutch company might place subcontracts with local companies to a greater extent than an English company, because while the English company would have access to a chain of normal subcontractors who know how it works, the Dutch company might not, and so it might be more likely to employ local subcontractors. I do not know, but we all want to know where the work is being done, not where the brass plate of the head office is located. Are you saying that that is very difficult or impossible to do?

[170] **Mr Kostyra:** It is possible, and we are digging deeper into the spending analysis to ensure that we know exactly where the work is being done. On the construction side, the reverse is true: the work seems to be going outside of Wales, but the majority of the work is

being done in Wales. That is true of a number of other spending areas.

[171] **Kirsty Williams:** Could you send us a note, because I am conscious of the time? We could then share this more widely, as this is an area of great concern.

[172] **Jane Hutt:** I will make a statement on this in the next couple of weeks, because it is a huge issue as regards local benefit. This afternoon, we have to relate this to sustainability, but there is much that we could say about the importance of the guidance on community benefits guidance. We are now seeing the benefits of the Church Village bypass: it has been extraordinary in terms of training opportunities, educational links and environmental benefits. We have not had time to give evidence on that this afternoon, but my statement will cover most of the points that Leanne and Rhodri have raised.

[173] **Kirsty Williams:** Minister, I thank you and your officials for your time. May I ask you one more favour? Earlier on in the evidence session, you said that you and your team had carried out an assessment of the budgetary impact of sustainability, as you did in relation to equality. Could you make information about that assessment work and the outcomes available to the committee?

[174] **Jane Hutt:** Yes. We have taken into account the economic, social and environmental principles of sustainable development. We can prepare a note for the committee on how we assessed that.

[175] **Kirsty Williams:** We would like to see the work that was carried out to assess the impact of sustainability on the budget. We would be very grateful if that could be made available to us.

[176] **Ms Haarhoff:** Yes, we can make that available. The equality impact assessment is an important part of that, because it looked at the impact on people. There are many different bits to it; it is not the same as using a tool like the equality impact assessment.

[177] **Jane Hutt:** Perhaps we need a tool. We can certainly account for how we sought to take those issues into account. Under the Equality Act 2010 and the Government of Wales Act 2006, we have a statutory duty to promote equality of opportunity and to pay due regard—in all of our actions, including the budget—to equality impact. That is being published on Monday, alongside the final budget. It will reflect some of the sustainability principles, and it will give you an account of how I approached this issue with the Cabinet, as a Minister, in terms of the draft budget.

[178] **Kirsty Williams:** Thank you. We would like to see evidence that reflects your earlier statement on how you undertook the budgeting process with regard to its impact on sustainability. I am very grateful for the commitment shown by you and Georgina to supplying that information. Thank you very much for joining us this afternoon.

[179] Before we move on to further discussion, I will let everyone know that the next meeting of the Sustainability Committee will be held on 17 February, when we will continue to look at how individual Ministers are mainstreaming sustainability in their portfolios—or not, as the case may be.

2.46 p.m.

### **Cynnig Trefniadol Procedural Motion**

[180] **Kirsty Williams:** Before we proceed, I ask a Member to move that we exclude the public under Standing Order No. 10.37.

[181] **Leanne Wood:** I move that

*the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order No. 10.37.*

[182] **Kirsty Williams:** I see that the committee is in agreement.

*Derbyniwyd y cynnig.*

*Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 2.46 p.m.*

*The public part of the meeting ended at 2.46 p.m.*