



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

**Y Pwyllgor Cynaliadwyedd  
The Sustainability Committee**

**Dydd Iau, 25 Chwefror 2010  
Thursday, 25 February 2010**

**Cynnwys**  
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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
Michael German	Democratiaid Rhyddfrydol Cymru (Cadeirydd y Pwyllgor) Welsh Liberal Democrats (Committee Chair)
Rhodri Glyn Thomas	Plaid Cymru The Party of Wales
Joyce Watson	Llafur Labour
Brynle Williams	Ceidwadwyr Cymreig Welsh Conservatives
Leanne Wood	Plaid Cymru The Party of Wales

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

Ceri Davies	Asiantaeth yr Amgylchedd Cymru Environment Agency Wales
Chris Mills	Asiantaeth yr Amgylchedd Cymru Environment Agency Wales

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

Dr Virginia Hawkins	Clerc Clerk
Meriel Singleton	Dirprwy Glerc Deputy Clerk

*Dechreuodd y cyfarfod am 12.59 p.m.*  
*The meeting began at 12.59 p.m.*

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

[1] **Michael German:** Good afternoon, ladies and gentlemen. Welcome to this meeting of the Sustainability Committee. The usual housekeeping arrangements apply. If a fire alarm sounds, you should leave the room by the marked exits and follow the instructions of the ushers and staff. Unlike on Monday, no drill is forecast for today. Please switch off all mobile phones, pagers and BlackBerrys as they interfere with the broadcasting equipment. You can use the headsets that are available for simultaneous translation or sound amplification. The interpretation is available on channel 1 and the verbatim feed is on channel 0. Please do not touch the button on the microphone, as it upsets the system, and wait for the red light to come on before you speak. We have received apologies from Angela Burns, Karen Sinclair and Irene James.

1 p.m.

**Craffu ar y Cyrff a Noddir gan Lywodraeth y Cynulliad**  
**Scrutiny of the Assembly Government-sponsored Public Bodies**

[2] **Michael German:** Today we are scrutinising Environment Agency Wales as part of our scrutiny of Assembly Government-sponsored bodies. I welcome Chris Mills and Ceri Davies from Environment Agency Wales. While you are making yourselves comfortable, I will remind you that you do not need to touch the microphones, as they work automatically. When you are ready, please introduce yourselves for the record. I expect that you will want to make an introductory statement as well. We will then move into questions.

[3] **Mr Mills:** I am Chris Mills, director of Environment Agency Wales.

[4] **Ms Davies:** I am Ceri Davies, head of strategic unit Wales.

[5] **Mr Mills:** Good afternoon. Our submission is based on reporting against the nine themes in our corporate plan, which is just drawing to a close for the period 2005-10, and which we called 'Creating a Better Wales'. For each theme, we have presented a piece of key evidence, outlined our role, and reported on our key results. The reason is that our first version ran to rather more pages and was like a long list of things that we had done against the environment strategy and the remit letters. So, we have tried to make it more interesting and to bring it to life by looking at what we are trying to achieve.

[6] In many cases, I believe that we can report on significant progress. More properties are being protected from flooding, and we are spending four times as much on our capital programme for flood defences than we were in 2000. It is about £16 million now compared with £4 million then. Both river and bathing water quality is generally good. More of our municipal waste is recycled and composted, and the proportion of waste sent to landfill is decreasing. Air quality has improved, 653 ha of contaminated land has been brought back into beneficial use, and more people are fishing and using our waterways for recreation.

[7] It is not all good news. Commercial and industrial waste levels are still increasing, and fly-tipping, despite the fact that it decreased a little last year, is still at an unacceptably high level. Some of our aquatic biodiversity, such as the water vole and the pearl mussel, have declined to critical levels, although we are rearing both species in our hatcheries and reintroducing them to the wild. We face new challenges: restoring all our waters, rivers, lakes and coastal waters to near-natural condition by 2027 under the water framework directive; continuing to raise the standard of our bathing waters under the revised bathing waters directive; protecting people and property from increasing flood risk—and the projections are that, by the end of this century, there will have been a sea level rise of a metre, as well as increased storminess; achieving zero waste by 2050 under the Wales waste strategy; continuing to remediate contaminated land and deal with historic mine pollution, because, despite the fact that a lot of contaminated land has come back into beneficial use, there is still a lot out there; and, probably most crucially, playing our part in combating greenhouse gas emissions and adapting to climate change.

[8] We do so facing significant cuts in public spending. It is a major challenge, and I am sure that we will get on to discussing what that resource reduction looks like. We will respond to that by cutting costs wherever we can, becoming more productive, and sharing resources with other Assembly Government-sponsored public bodies. We will also explore any avenues of additional funding, and we have been successful in the past in gaining European funding for flood-risk management and fisheries.

[9] You will see from our evidence that we work in many partnerships across Wales, with

other AGSBs, with local authorities, with business, farmers and landowners, with the third sector, and with communities. If there is one thing that I have learned in this job, it is that the only way to sort out complex environmental issues is by working in partnership. Very few of these issues are dealt with by a single organisation. Two examples that we mention in our evidence are the work that we are doing to try to deal with some of the water-related issues—both in terms of water quantity and quality—in the Burry inlet, and to deal with air-quality issues at Port Talbot.

[10] Reaching solutions is not easy; it takes time and can be controversial. However, I firmly believe that we have good mechanisms in place to achieve the outcomes that we are seeking, which are outlined in our next corporate strategy, for 2010 to 2015. We have spoken to members of this committee about that strategy and have shared the document with you.

[11] **Michael German:** Thank you for that introduction. Members have questions that they want to ask you. We will start with Rhodri Glyn Thomas and then work around the table.

[12] **Rhodri Glyn Thomas:** Diolch am y sylwadau agoriadol. Yr oeddech yn rhagweld y byddem am drafod y sefyllfa o ran yr adnoddau ariannol sydd ar gael i chi. A allwch chi gadarnhau beth yn union yw eich cyllideb ar gyfer y flwyddyn ariannol sy'n ein hwynebu a beth yw eich blaenoriaethau fewn y flwyddyn honno? A yw'r blaenoriaethau hynny'n wahanol i flaenoriaethau'r gorffennol?

**Rhodri Glyn Thomas:** Thank you for your opening remarks. You foresaw that we would want to discuss the situation with regard to the financial resources that are available to you. Can you confirm what exactly your budget for the forthcoming financial year is and what your priorities are within that year? Do those priorities differ from past priorities?

[13] **Mr Mills:** Our budget for the coming year is £95 million. Our priorities are set in three ways: first, in the remit letter from the Welsh Assembly Government; secondly, in the roles that are given to us through the environment strategy, which is an ongoing set of actions; and, thirdly, in a number of key performance indicators—there are about 90—that are set within the Environment Agency for all its operational units. We always try to ensure that our operational plan, which draws all of this together for each year, ensures that we are delivering on the remit letter, on the environment strategy and on the key performance indicators that are set within the Environment Agency.

[14] **Rhodri Glyn Thomas:** Wrth ofyn i chi gadarnhau'r gyllideb, yr oeddwn yn ceisio canfod a oes toriadau ariannol yn mynd i fod yn y gyllideb ac ym mha fodd y byddai toriadau o'r fath yn effeithio ar eich gweithgareddau.

**Rhodri Glyn Thomas:** In asking you to confirm the budget, I was trying to ascertain whether there will be any financial cuts in the budget and in what way cuts of that kind would affect your activities.

[15] **Mr Mills:** The cut for this coming year is from charges and will be in the region of just over £1 million. We are being asked to plan for 2011-12 on the basis of a 2 per cent revenue cut and a 10 per cent capital cut. I should point out that you also have to include inflation in that 2 per cent revenue cut, and there will be a 1 per cent increase in national insurance contributions. So, in real terms, it will be more like a 5 per cent cut. Rather than approaching this, from the outset, on the basis of what we are going to cut, we have clearly set out the objectives that we want to achieve in our corporate plan, and our first attempt will be to ask ourselves whether we can achieve those objectives in a smarter, more innovative way, rather than to start off by saying that we are going to cut things out. Once we have considered all the ways that we can make cost reductions, efficiency savings and do things in a different way, we may see, with that sort of level of cut—which, over the next three years, will be somewhere in the region of 15 per cent—that there are things that we will not be able to

continue to do. However, if we start from the premise of saying, ‘These are the things that we will stop doing,’ that will not stimulate us to try to find better ways of doing some of the things that we do.

1.10 p.m.

[16] **Rhodri Glyn Thomas:** Mae'r toriadau yn y gyllideb yr ydych yn sôn amdanynt yn sylweddol. Mae gennych, fel Asiantaeth yr Amgylchedd Cymru, gyfrifoldebau mewn ardal ddaeryddol, ond mae gennych hefyd gyfrifoldebau trawsffiniol. A yw'r holl weithgareddau yng Nghymru yn cael eu hariannu'n uniongyrchol o Gymru? A yw unrhyw arian a ddaw i'ch cyllideb o Gymru yn cael ei ddefnyddio ar gyfer gweithgareddau trawsffiniol y tu allan i'r ardal ddaeryddol yr ydych yn gyfrifol yn uniongyrchol amdani?

**Rhodri Glyn Thomas:** The cuts to the budget that you have mentioned are substantial. You, as Environment Agency Wales, have responsibilities within a geographical area, but you also have cross-border responsibilities. Are all the activities in Wales funded directly from Wales? Is any money that goes into your budget from Wales used for cross-border activities outside of the geographical area for which you are directly responsible?

[17] **Mr Mills:** We receive funding from three main sources: grant in aid, which comes from the Welsh Assembly Government; charging, which comes from the various regimes that we charge for, such as discharge consents, abstraction licences and so on; and we get a small amount of European funding. To give you the breakdown of that, 60 per cent of the funding comes from grant in aid, 36 per cent from charges and 4 per cent is European funding. We are an organisation that spans Wales and England—

[18] **Rhodri Glyn Thomas:** Are you saying that you do not get any funding from DEFRA?

[19] **Mr Mills:** We do not get any funding from DEFRA. The grant in aid for the English part of the Environment Agency would come from DEFRA, but, in Wales, it comes from the Welsh Assembly Government.

[20] **Rhodri Glyn Thomas:** That is why I was asking about your cross-border responsibilities. They extend outside the geographical area that you cover, which is Wales. So, where do you get funding for that? Does it come from the Welsh Assembly Government or from DEFRA?

[21] **Mr Mills:** We have recently made a change to the border.

[22] **Rhodri Glyn Thomas:** That was clever.

[23] **Mr Mills:** The change has not taken place yet; it will take place in April of this year. A decision was made by the Environment Agency's board. We have been operating on the basis of a catchment boundary, which means that, in effect, EA Wales has been responsible for part of Herefordshire, and the midlands region has been responsible for part of Powys. We will change that in April, from when we will be operating to the administrative boundary. That brings some advantages, insofar as half of our activity is based on dealing with things such as reporting to the Welsh Assembly Government and dealing with local authorities, who operate according to political boundaries, but there are also complications relating to operating according to an administrative boundary, as we and the midlands region have done, because the river winds in and out of England and Wales. Those are not insurmountable, and we have been doing work on that to see how that can be done. However, the agency's board decided that it should move to using the administrative boundary.

[24] **Rhodri Glyn Thomas:** Although you will not, when you change the border, have any direct responsibility for any geographical area in England, because of the nature of your responsibilities, there will still be cross-border functions.

[25] **Mr Mills:** Yes, there will still be cross-border functions, and the two estuaries—the Dee estuary and the Severn estuary—represent another area in which we need to work. An advantage of being a single organisation is that we can co-ordinate those activities, not only with the midlands region but with the north-west region on the Dee estuary and the south-west region on the Severn estuary.

[26] **Rhodri Glyn Thomas:** This is my last question on finance. You have said that you want to look at the way in which you can cut costs by changing working practices, rather than cutting activities, but surely you must have a plan B. We are talking about annual cuts of 5 per cent, which will mean that you have to cut a substantial sum of money from your budget. You must have a plan B, and there must be areas where you feel that cutbacks are possible. Can you share any of those with us?

[27] **Mr Mills:** It is not just cutting back; there are other ways of dealing with it. Some of our work could be phased over a longer period. Some of our duties are quite broad, for example, the duty to maintain, improve and develop fisheries. To what degree you apply that duty is open to interpretation. So there are other things that we could do. One of the ways in which we are looking for an efficiency—and this was discussed in the Countryside Council for Wales evidence—was to share services with the CCW and the Forestry Commission Wales. That is one efficiency saving that we are currently looking at, so it is about looking at the provision of services to all three organisations, such as facilities, estates, sharing accommodation, legal services, payroll and human resources functions.

[28] **Rhodri Glyn Thomas:** Given that you have now changed the border, there is no reason now why the Environment Agency Wales should not become a national body, separate from England.

[29] **Michael German:** I am afraid that that would require primary legislation from the UK Government.

[30] **Rhodri Glyn Thomas:** Well, EA Wales has done it.

[31] **Michael German:** Those were administrative boundaries. Brynle wants to ask you a question and I have a question, too, before we move on to Joyce.

[32] **Brynle Williams:** Briefly, it was interesting to see in your paper that you have increased rod licensing quite considerably. The £143 million will help your budget as well, will it not?

[33] **Mr Mills:** It will help, but I would not say that it is a major part of our income, to be quite honest. It has been a great success story within the Environment Agency. I have a fisheries background, and I can remember back in the mid 1990s, when grant in aid to fisheries was literally halved. At that time, rod licence income was just £4 million or £5 million. I believe that it has now grown to over £20 million, and we are now selling 1.5 million licences. However, that is across England and Wales, and we sell far more rod licences to coarse fishermen than to salmon, sea trout and trout fishermen, which tends to be the predominant type of freshwater fishing in Wales. So, it is helpful, but it will not solve all our monetary problems.

[34] **Ms Davies:** Another area where we have been successful is with the European Union additional funding. In January, we were advised that the fisheries fund bid, worth £2.1

million, to cover six major new fish passes, had been successful, and an additional £2.6 million in convergence funding for wild fishing in Wales has been secured, so we have been successful as an organisation in securing additional funding to help us to deliver things such as the improvements we need for the water framework directive, for example.

[35] **Michael German:** Before I move on to Joyce, I wanted to ask a question. You are pulled in three different ways: you said that you were instructed to do things by remit letter and by the environment strategy and then you delivered this bombshell that you have 90 performance indicators. The obvious questions are: do you not feel pulled in many directions, and who sets the performance indicators? Here in Wales, the number of public sector performance indicators has been reduced and that seems an enormously high number.

[36] **Mr Mills:** The performance indicators are at a different level from what is in the remit letter or the environment strategy. They are basically things that set out more precisely what we need to achieve, such as the number of inspections that we may need to carry out for regulation. Quite honestly, they are complementary and they ensure that you are on track for meeting rather more strategic outcomes.

[37] **Michael German:** Who sets those performance indicators?

[38] **Mr Mills:** Those are set within the directorate of operations in the Environment Agency.

[39] **Michael German:** So they are UK indicators?

[40] **Mr Mills:** They are England-and-Wales indicators, yes.

[41] **Michael German:** There is no role for the Welsh Assembly Government in relation to them?

[42] **Mr Mills:** Those are shared with the Welsh Assembly Government, which has an input into them. We have a quarterly performance meeting with Welsh Assembly Government officials, where we share the results, and they have the opportunity to tell us if they think that the performance indicators are inappropriate.

[43] **Michael German:** Do you know whether the Welsh Assembly Government has made any alterations or changes to the performance indicators in recent years?

[44] **Mr Mills:** It has not made any changes to them, no.

1.20 p.m.

[45] **Ms Davies:** I will just add that we bring together the remit letter requirements, the environment strategy requirements, and our own internal priority requirements in the corporate plan. From that, we develop an operational plan, which we then take to the quarterly sponsorship meeting to demonstrate how we are pulling all of these things together.

[46] **Michael German:** I suppose that I was trying to make the point that you have 90 performance indicators set by the UK Government; you have the environment strategy and the remit letter from Wales—

[47] **Ms Davies:** No.

[48] **Mr Mills:** They are not set by any Government. They are an internal—



- [49] **Michael German:** The remit letter is certainly set by the Government.
- [50] **Mr Mills:** Absolutely. However, the performance indicators are not set by any Government. They are an internal management tool.
- [51] **Ms Davies:** Our corporate plan includes the remit letter from the Welsh Assembly Government, not any remit letter requirement given to the agency in England from the Department for Environment, Food and Rural Affairs.
- [52] **Mr Mills:** May I just make another point that may help? We are responsible for things that are not devolved as well as those that are devolved, which brings in another set of activities.
- [53] **Michael German:** Do you ever feel that you are pulled in several directions?
- [54] **Mr Mills:** It is slightly more complex—that is the way that I would describe it.
- [55] **Michael German:** I will not press you on that point, but I may come back to it later.
- [56] **Joyce Watson:** Your submission refers to the fact that you are benchmarked against other EA regions and public sector bodies for value for money purposes. How do you compare with other Environment Agency regions, given that you have to work within a different set of priorities in Wales?
- [57] **Mr Mills:** One part of the benchmarking is looking at the various costs. There are seven regions and EA Wales, so there are eight comparable operational units. We look at a suite of around 20 different costs there, which might be, for example, the cost of contractors or the cost of travel and subsistence. On some of them, Environment Agency Wales does well, on others, we are more in a median position. To try to get a comparison—and this method may be a little crude—we added them all up and divided them by 20 for each of the regions. I am pleased to say that the Environment Agency Wales is the top performer.
- [58] As well as that, the Environment Agency as a whole benchmarks itself for its support services. This is part of a Treasury initiative. It is not specific to EA Wales, but benchmarks itself against other organisations within the DEFRA family, such as Natural England. However, we will also go further than that and look at other non-departmental public bodies outside the DEFRA family.
- [59] **Joyce Watson:** Okay. How does the structure of your organisation support the different activities that you undertake? Does it reflect the proportion of activity that you undertake in the various areas identified in your submission? As an example, the submission states that 27 per cent of your money is spent on environmental protection and 22 per cent is spent on safeguarding water resources.
- [60] **Mr Mills:** If you look at the financial spend, which is another way of looking at this, you will see that 38 per cent goes on flood-risk management. That is the biggest component of our work. Obviously, there is a significant capital programme associated with that. Thirty five per cent of the spend goes on environment protection, which is all of the regulatory work that we do—the regulation of large infrastructure projects, such as the Corus steelworks in Port Talbot or landfill sites. Eighteen per cent goes on water resources, which is a large network of abstractions right across Wales, for which we also deal with Dŵr Cymru. Nine per cent is spent on the rest, of which 7 per cent is spent on fisheries and 2 per cent on biodiversity and recreation. That reflects pretty well the balance of work that we carry out as an agency.

[61] **Joyce Watson:** What progress are you making towards implementing an outcome-based reporting system? Will that have any effect on how you report in the future?

[62] **Mr Mills:** We have pioneered this; it has been adopted more widely and the Welsh Assembly Government is keen for other Assembly Government-sponsored bodies to do likewise. Large organisations can often report on an activity base, but that does not tell you whether the issues that they face are being dealt with. So, within our corporate plan, we have identified the top outcomes and we are trying, as far as possible, to report on progress against how well we are doing on those outcomes. When you look at air or water quality, I should say that many of the outcomes, as I said in my introductory speech, are very long-term ones, but we can then use the evidence to demonstrate the direction of travel. The benefits of this are twofold. Externally, the results are much more transparent—people can understand if they can see water quality gradually getting better because they can see that that is an improvement. Internally, the process begins to drive different ways of working because you start to analyse what you need in order to achieve this outcome rather than just carry on with an activity. So, it has changed some of the ways in which we work quite fundamentally. The other thing that it has shown, which I touched on earlier, is the need to involve many different organisations to achieve your outcome.

[63] **Michael German:** Members will have your briefing paper before them, but I want to clarify something for the record. In the third paragraph from the end, you say that you spend around 43 per cent of your money on flood and coastal risk management, 27 per cent on environmental protection, 22 per cent on safeguarding water resources and 8 per cent on fisheries, recreation, conservation and navigation. The figures that you just gave us were 35 per cent on environmental protection, 18 per cent on safeguarding water resources 38 per cent on flood-risk management and 9 per cent on the rest. I wanted to check which figures were correct—the ones that you read out or the ones in your paper.

[64] **Mr Mills:** They are reasonably similar figures, but the discrepancy may be that the figures that I have given you are based on next year's projected spend as opposed to what we spent last year.

[65] **Michael German:** Could you provide a note to clarify that?

[66] **Mr Mills:** Absolutely.

[67] **Michael German:** That would be helpful so that we know where we are. I will now turn to questions on how well the Environment Agency does in engaging with communities and being responsible to the people of Wales. Your remit letter last year said that you were going to be subject to a citizen-centred governance review from 1 April onwards. The intention of the Welsh Assembly Government is to ensure that the front face of your organisation is well understood and well known. What preparations are you making for becoming a citizen-centred organisation?

[68] **Ms Davies:** I will start off with this question. We have been going through the work that we do, asking how focused our outcomes and activities are on the citizen. Permitting offers a good example in that the role of our permitting and regulatory activity is to protect the public and the environment from impacts on the environment and from the impact of pollution. So, the citizen is quite clearly at the heart of that and our permitting processes are set up to enable pre-application discussions so that when a business or industry comes forward with a request for a permit, we will discuss with them the nature of what they are trying to do and, particularly if the operation is one of high public interest, we will then organise surgeries with the local residents to talk through their issues and concerns and to explain what our role is and what the permitted activity is likely to involve. The permit application process involves both statutory and public consultation. We do not issue permits

passively; we try to do it as proactively as possible.

1.30 p.m.

[69] For example, with the permitting of Prenergy Power Ltd last year, we actively engaged with Port Talbot residents Against Power Stations to try to get to the bottom of their concerns so that we could ensure that we would address them in the permitting process. Before we issue the permit, the public participation directive requires us to issue a ‘minded to’ position and take further comments, thoughts and considerations from citizens and communities on these facilities to ensure that we take their issues and comments on board in the way we frame the permit before we finally issue it. That is just one example.

[70] We have other examples, such as flood-risk management, in which the citizens are clearly at the centre of what we are trying to achieve, through defences or by running awareness programmes, perhaps, and in trying to involve them in the decision making so that we do not just turn up with a proposition and then walk away, leaving them to think about it. We actively engage them in that process, and in some of the work that we have been doing around Llanelli, we have somebody from the flood-risk management team embedded in the community to talk to the people about the possible options and solutions.

[71] We have developed tools to work with the community, to try to ensure that we have that proactive engagement, and that we really put those people at the centre of the decisions that we take in our day-to-day activities.

[72] **Michael German:** Right at the beginning, you indicated that where there is a matter of high public interest, you presumably engage much more in this activity. How do you judge what is ‘high public interest’? Do you wait for the press releases and the anger of Assembly Members and the agitation of communities, or do you try to foresee what might happen?

[73] **Mr Mills:** I will pick up on that one. We have learnt that engaging reactively is entirely the wrong way to do it, as it then takes massively more resource, and there are many more issues. We have something called ‘building trust with communities’, which is a series of techniques to engage early with people, talk to them, even before we necessarily have a proposition, and engage them throughout the process. We have found that to be a very useful technique for dealing with contentious permit applications. Indeed, sometimes, we have had to apply it when things have gone wrong, such as, for example, a landfill site that people become concerned about. That is not the idea, however, and we have now learnt to do it and to manage it from the outset.

[74] Sometimes, however, even when things have gone wrong, you need to go back in and start applying those techniques, to get the trust and the communication and dialogue going between us as the regulator, and the community and the operator. We have used that with some success, and while it takes a great deal of resource to do it, as I said, it takes rather less than not adopting that approach would take.

[75] **Michael German:** Is this process a recent innovation?

[76] **Mr Mills:** It is not very recent. We have been doing this for at least three years.

[77] **Michael German:** One of the other difficulties that some of your stakeholders and the recipients of your services tell us is that they have difficulty in understanding precisely what the difference is between you and other bodies, notably the CCW. How do you clarify that in general terms for stakeholders and the general public?

[78] **Mr Mills:** If you look at people’s understanding of the Environment Agency, as I said

right at the beginning, we have a broad remit, and that makes it more difficult for us, but most people know that the environment agency has a role in flood-risk management. We have a pretty high profile. Whenever it floods, we are on the television, the radio, and so on. I think that they know that. They sometimes think that we are responsible for things that we are not responsible for—

[79] **Michael German:** They probably think that you caused the floods.

[80] **Mr Mills:** Exactly. Most people know that the Environment Agency is a regulator, and I think that we have a reasonably high profile in that respect and in dealing with pollution incidents, bringing prosecutions, and so on. Where it gets trickier is in the delineation of roles. For example, if a new facility is being built, people sometimes find it difficult to understand the distinction between the planning role and the permitting role, because many of the issues overlap to a great degree. That is an area on which we are working hard to try to get greater understanding, but we also strongly believe—and we are beginning to pilot this with some local authorities—that for planning applications that are likely to be contentious, we are trying to encourage them to run the process at the same time. Conventionally, planning is decided and the permit is either granted or it is not. We need to do that at the same time so that people are able to see all of the issues, which will give us a better chance of explaining that our role is to decide whether or not we will give a permit. The reality is that we are obliged to give a permit if the applicant can demonstrate that they will meet all of the necessary environmental conditions. They have to convince us that they will be able to meet the conditions of the permit that we will impose to protect the environment.

[81] In terms of other organisations, such as the Countryside Council for Wales, there are some areas in which both organisations work, but there are also some distinctions.

[82] **Michael German:** I am conscious of the fact that you do not always operate as a regulator, and that you also give advice to people, and help and assist people to understand other areas. How much of your work is outside the statutory regime or your regulatory role, in terms of giving advice, consulting, and so on?

[83] **Ms Davies:** As well as the regulatory role, we have two other roles, one of which is the operator role where we undertake activities such as flood risk management, building fish passes and so on, and we have a clear advisory role, mainly to the Welsh Assembly Government and Wales-based organisations, trade bodies and local authorities. My unit is particularly involved in working with Welsh Assembly Government policy officials to look at incoming legislation, policy and procedure to ensure that when we implement those in Wales, we do it in a manner that is fit for Wales and delivers the outcomes that we agree with the Government. That is an area of work where we spend a considerable amount of our resource on providing technical support, as well as policy support, to the Welsh Assembly Government because we will often have a lot of data and information. An example would be the recent waste strategy. We were tasked with undertaking a number of surveys in the run-up to the Assembly Government producing that strategy, to inform the targets that would be included in it. That is where our technical and advisory role comes in.

[84] In terms of the overlaps with CCW, I am aware that it mentioned in its evidence that access and conservation are areas where the two organisations operate. The important distinction is that we have a particular remit for aquatic-based conservation and access and recreation. So, although there are overlaps, our role is centred on aquatic-based activity while the CCW's role is more terrestrial. The important thing in that regard is that in delivering those activities on the ground, we use our operational role to do so. For example, if we are building a flood defence scheme, we will build in biodiversity and conservation enhancements, so we may include that in the scheme or look for a compensatory habitat if that is not possible. We also build in things like cycleways, pathways and fishing platforms,

so we use our operational role to deliver some of the policy and regulatory activities that we are also responsible for.

[85] **Michael German:** As you both give advice to the Welsh Assembly Government, is it possible that you and CCW could give contradictory advice?

[86] **Ms Davies:** Our roles are usually distinct enough so that the subjects on which we give advice are likely to be different. CCW gives advice to us as a regulator because it is a statutory consultee in our permitting process, for example. It looks particularly at the impact of the facilities on particular protected sites, and it will look to give us advice, evidence and guidance so that we can make our decision. The opportunities are rare, but we have distinct and separate roles, so we will be looking at different facets in the advice that we give.

1.40 p.m.

[87] **Michael German:** I was trying to tempt you to give an example of where you had given contrary advice, and if you want to volunteer one, that is fine, but, if not, we will move on to Leanne.

[88] **Leanne Wood:** What proportion of your activities is driven by the Government's policy agenda, rather than your statutory duties? Is conflict ever created by that, for example, when your scientific advice goes against Government policy aims?

[89] **Mr Mills:** In one way or another, all our activity is driven by Government policy. The remit letter clearly sets out what the Welsh Assembly Government wishes us to do. We also try to ensure that we play our part in delivering things such as the environment strategy and 'One Wales' policy objectives and initiatives. I do not see that there is a great deal of conflict here, but we have dialogue with the Government about the best way to do that. EA Wales also has a reasonably large policy unit to ensure that, if there are different policies in the UK, which is a growing trend in Wales, we are able to deliver policies that are fit for Wales and ensure that what the agency is doing is right for what the Welsh Assembly Government wants.

[90] **Leanne Wood:** You mentioned earlier that you have some responsibilities that are not devolved, and you clearly have responsibilities that are devolved. Are there any conflicts between them?

[91] **Mr Mills:** No, they are mainly driven by European directives. The water framework directive and the bathing waters directive, for example, apply across the whole of the UK, likewise some of the directives to do with the regulation of industry. They are European directives that apply UK wide, and the Environment Agency has the responsibility of delivering them in England and Wales.

[92] **Leanne Wood:** Is there ever any conflict between your regulatory and permitting role and your environmental protection role?

[93] **Ms Davies:** We issue permits that protect the environment, public health and the people who live around those facilities. Our permitting and regulatory role is a good example of sustainable development, because the permit will be issued so that the individual facility does not make a polluting contribution to the environment with which the environment cannot cope. So, we will set limits that protect the environment. There is also an element of the permitting work that takes into account the impact of the permitting activity on the business. With that process, we have to take account of the availability of technology and also the cost of compliance, but also the provision of facilities so that people can work and buy the goods and services that those facilities would provide. Our permitting activity is a good example of

where we look at the principles of sustainable development, so that we are not leaning too much one way or the other, and to ensure that the facilities will meet those principles.

[94] **Leanne Wood:** During our last evidence session, the CCW suggested that, as a regulator, you have to work within a constrained set of responsibilities. Can you explain how that has an impact on your work and can result in you and CCW providing conflicting advice to other organisations?

[95] **Mr Mills:** As a regulator, I do not quite know what CCW meant by that. Clearly, there are constraints. If we issue a permit, there is a process and a timescale around that permit. We have to follow that process or we are liable to be judicially reviewed. If we do not undertake the process in a proper manner, there may be an appeal by the applicant and so on. I do not know whether that is what it meant, but there are clearly—

[96] **Leanne Wood:** CCW referred specifically to the Pembroke power station development.

[97] **Mr Mills:** On the Pembroke power station development, RWE npower applied for an abstraction licence to abstract water from the Haven. The plan was to use that water to cool the proposed power station, and the issue is about the return of that water at a slightly higher temperature into the Haven, and its possible impact on the protected species within the Haven. Our job is to consider whether or not that abstraction licence should be issued. CCW's role is to act as a statutory consultee; therefore, it would provide its advice to us on that decision.

[98] To deal with such situations, there is a UK technical advisory group, which includes representatives from the Environment Agency and all of the statutory conservation agencies, such as Natural England and the Countryside Council for Wales, to look at how we should deal with that. We all signed up to that. In this particular case, CCW felt that there would be more of an impact on the species in the Haven, and on some of the other things that those species are dependent upon, than we did. We were not convinced that there was sufficient evidence to sustain that view and, obviously, when we are in the position of either granting a permit or not, we must be able to substantiate our decision.

[99] **Leanne Wood:** If you have an environmental protection role, surely it would make sense for you to have the powers to insist on a condition whereby that heat was used in an environmentally sound way and not in a damaging way. Did you look at that? Do you have those powers?

[100] **Mr Mills:** Yes. We did not believe that this would have a detrimental effect on the environment. That is the whole point. We did not believe that CCW had sufficient evidence to be able to prove that it would have a detrimental effect.

[101] **Ms Davies:** In terms of the permitting role and our environmental protection role, they go very much hand in hand. We will issue a permit with conditions attached to protect the environment. So, if we believe that there is a requirement to go beyond what everyone else may be doing because that installation is in a particularly sensitive location, we will attach conditions to the permit and we are able to do that due to the legislation. There is a concept within the legislation of best available techniques, which means that you take into account the local environment in which that facility is sat, as well as what other people operating in similar facilities do. Although we have not done the permitting for the Pembroke power station yet—the application is now in for the full permit—looking at the Prenergy permit, for example, we went well beyond the best available techniques because of the sensitivities around air quality. We looked harder and harder into the fact that this location is near an air-quality management zone and therefore, within our role, we felt that it was legitimate to make

the developers go beyond that. That is what we do when we are undertaking our permitting role. As Chris has said, the issue with Pembroke was that we did not believe that we had the evidence on which to push further and further to come up with a different solution.

[102] **Leanne Wood:** Can you tell us how you negotiate additional responsibilities with the Welsh Assembly Government, for example, if you have a limited additional capacity to deliver new responsibilities?

[103] **Mr Mills:** Basically, when we are sent the remit letter each year we examine it very closely. If there are additional duties or responsibilities that we are asked to undertake, we consider whether or not we can do that within our existing resources or whether we need more resources. We will then have a dialogue with the Welsh Assembly Government to negotiate whether or not we can get some extra resources. Sometimes we are successful, and sometimes we are not.

[104] **Michael German:** Lorraine has the next question.

1.50 p.m.

[105] **Lorraine Barrett:** I will continue on the subject of the Countryside Council for Wales. You spoke earlier about being able to share some resources, such as human resources, payroll services, premises, and so on. Can you expand on the point that the council made about your activities? You also mentioned the overlap with regard to biodiversity work and so on. Can you explain the extent of that overlap and how you can avoid duplication? Is there a problem with that, or do you have agreements on who takes a lead on certain areas?

[106] **Mr Mills:** As Ceri touched on earlier, there are two areas in which we work in the same area. The first is biodiversity and the other is access. We have specific duties; one is to promote water-related sport and recreation, and the other is to further conservation. However, the big distinction between us and CCW is that our responsibility is confined entirely to the aquatic, so we deal with aquatic sport and recreation and aquatic biodiversity. As Ceri explained earlier, we are a delivery agent; we do not necessarily set policy in those areas. We often deliver through our other activities, for example through delivering the water framework directive, that will help aquatic biodiversity, and, through our work on fisheries, we promote angling. We also promote other forms of water-based recreation, such as canoeing, and any other form of recreation that could take place around water. So, while we deliver in the same area, we have distinct roles. Our role is confined to the aquatic and we are able to carry it out efficiently through our flood-risk management activities and through our fisheries activities, and so on.

[107] **Lorraine Barrett:** On the opportunities for joint working or the sharing of resources with other public bodies, is there scope for one body to undertake a suite of activities at specific sites on behalf of a group of organisations? Does that sort of thing happen and can you give any examples of where that may be useful?

[108] **Mr Mills:** It is tempting, even within the Environment Agency where we do all sorts of sampling, to think that we can combine all of these into one role that does everything. It is rarely quite as simple as that in practice, but there are other ways in which we can co-operate with organisations. We work closely with the Countryside Council for Wales on spatial planning, for example, and we often represent each other at meetings, because there are a lot of different planning groups. We are able to work together and, where appropriate, CCW can represent our views and we can represent its views. That is one example of the way that we work together.

[109] An important point that I made earlier was about our work on the Burry inlet. The

bodies that need to work together in this context are the sea fisheries committee, Carmarthenshire County Council, the Environment Agency, Dŵr Cymru and CCW in order to get a solution. We all need to know what contribution we can make and what role we can play. If we did not try to work together, it would be easy for us to do our little bits, but we would have no chance of resolving some of the key issues.

[110] **Lorraine Barrett:** You mentioned local authorities, Dŵr Cymru and the Environment Agency working together. I made a note to remind myself that there was an occasion in my constituency where we all came together around a table. So, I can see that there are occasions when local authorities have their officers out doing certain pieces of investigative work, which, perhaps, the agency would also have a responsibility for doing. So, you generally feel that you are able to work through those instances.

[111] **Mr Mills:** There is one area that we are actively considering. We have an emergency workforce, or an operational workforce, that deals with flood maintenance and flood incidents, and while we will always offer to help if, for example, there is a local flooding incident or surface water flooding, we want to consider taking that a little further and making it a bit more formal, because, in those sorts of situations, our workforce could help local authorities to deal with incidents.

[112] **Ms Davies:** To add a point on fly-tipping, there is an excellent example of that sort of partnership working with local authorities and the community. We have a specific responsibility to deal with the big, bad and nasty—the big incidents of organised fly-tipping or hazardous waste—whereas the local authority's responsibility is for day-to-day or chronic fly-tipping. We work closely together to share investigation techniques, intelligence and training, so that we can be effective on both sides. That is a good example of an area where we are trying to achieve a joint environmental outcome; we have distinct responsibilities, but we try to work together to achieve that outcome.

[113] **Lorraine Barrett:** On the issue of working with other organisations, what about organisations such as the health service? During the recent spell of bad weather, were you able to assess any benefits to be gained from working with other bodies? Do you see an opportunity in the future, given all the things going on with the weather, for more joint working? Could you say a little about that?

[114] **Mr Mills:** Ceri is more of an expert on this than I am, but we work quite extensively with the health service on the potential health impact of the things that we regulate. I will let Ceri talk about that, but something that cropped up during the period of bad weather was that we offered our services, because we have a lot of four-by-four vehicles, to help in Carmarthenshire by taking doctors and nurses where they needed to go. That is a good example. We were not the only public sector organisation to do that, but it gets you thinking of other ways in which you can use your resources to wider benefit. That was very well received.

[115] **Ms Davies:** In terms of the permitting role, we work closely with the health sector because it provides us with advice on health impacts in the way that CCW would on biodiversity issues. Also, as Chris has mentioned, we have certain operational activities, one of which is that we run mobile monitoring facilities. Again, we have provided those around various geographical locations where, perhaps, air quality needs monitoring, and we have provided those results to the public health department so that it can look at them and take decisions on that basis. We also provide that facility more broadly if there is a major incident somewhere. You may recall that, last year, there was an incident in Herefordshire where the mobile monitoring facility was deployed after a large fire. The information gained from monitoring the plume from that fire allowed health officials to evacuate certain areas and leave people in place in other areas with a warning to close their windows and doors. The



other area where we work closely together is on incident and emergency management response, whether that is responding to flooding incidents, pollution incidents or animal health incidents. So, we work in partnership with a range of organisations, including the health sector.

[116] **Michael German:** Before I come to Rhodri Glyn, Joyce wanted to ask a question on health.

[117] **Joyce Watson:** First, congratulations on helping NHS staff get to work in Carmarthenshire—that was a really good initiative. As you know, because you attended as witnesses, the sub-committee did a report on flooding, and time and again people said that they did not know what to do or where to go for help. Has that report made you think about some of the ways in which you could work together?

[118] Secondly, you mentioned the Burry inlet, and the whole raft of agencies involved. I know, because my postbag is full, that it is causing huge amounts of frustration in the area, and people feel that they are getting into a blame game, with one agency blaming another. How do you cope in that sort of situation?

2.00 p.m.

[119] **Mr Mills:** If I may, I will take the second question first. I have a slightly different perspective on the Burry inlet. With regard to our role in that, the initial issue that cropped up was the cockle mortalities. Our statutory role there is to monitor water quality, and all of our samples were fine; we were not picking up a water quality problem. However, this comes back to outcomes. That is an activity, so we can tick the box and say that the water quality is okay. Then, there is the sea fisheries committee, which is responsible for managing the fishery; Welsh Water, which is responsible for various discharges; and we are responsible for regulating them. However, we took what was either a brave or a rash decision to say that we needed to do more than this. We offered to the Welsh Assembly Government to lead on an investigation to try to find out what was causing the problems with the cockles.

[120] As a result of that, we put a structured investigation together. Through Welsh Assembly Government funding and other funding sources, we have funded that. We had a group made up of everyone involved, and we worked very closely. So, there are cockle fishermen, the local authority, Welsh Water and so on as members of the steering group, and we are making some progress. There will be a report soon giving the initial findings from the first part of the structured research.

[121] Within our remit letter, the Welsh Assembly Government has asked us to become—is the term ‘trustee’ or ‘grantee’?

[122] **Ms Davies:** It is ‘grantee’.

[123] **Mr Mills:** It has asked us to be the grantee of a Burry inlet cockle regulating order for the next two years. So, from my perspective, the Environment Agency is providing leadership to try to bring together all the interested parties to make progress on what is a very complicated issue. It is not just about the cockles dying. That is one very important component, but it is also about the drainage, the sewerage capacity, and development in that area. We are making real progress there, and organisations are working pretty well together. I am afraid that I have forgotten your first question, so could you please remind me of it?

[124] **Joyce Watson:** It was about flooding and the responses.

[125] **Mr Mills:** It certainly made us think. We very much support your No. 1

recommendation, which was the need to bring clarity to people about who is responsible for what. We will do our utmost to ensure that that situation is improved. Part of it, I hope, will come through the Flood and Water Management Bill, but I do not think that it will be sufficient, so we have to think about the idea of having a body responsible for that. I am not entirely clear whether the one-stop shop idea is supposed to apply before, during and after a flood, because I think that you might need a slightly different mechanism to deal with the before and after as opposed to the during. However, we definitely need to ensure that people can get clear information about who was responsible for what. It is possibly just as important that they are able to go to one single person who will deal with their issue for them, even though that person may have to then engage a whole range of other organisations to get it sorted.

[126] **Ms Davies:** To some extent, in the heat of an incident, if an incident is reported to our regional communications centre, which I know some of you have visited, and even if someone is reporting flooding that is not the responsibility of the agency, we will do our utmost to get in touch with, say, the local authority or the water company to ensure that it is dealt with. We do not simply say to the public, 'That is the wrong sort of water'. We will follow it through to ensure that we get the query passed on and dealt with by the relevant body.

[127] **Rhodri Glyn Thomas:** Hoffwn fynd yn ôl at eich gweithgareddau fel corff ochr yn ochr â strategaethau Llywodraeth Cymru. Yr ydych wedi sôn am hyn yn eich tystiolaeth heddiw eisoes. Hoffwn gyfeirio at ddwy ddogfen strategol benodol, sef y cynllun datblygu cynaliadwy a strategaeth yr amgylchedd ar gyfer Cymru.

**Rhodri Glyn Thomas:** I would like to take you back to your activities as a body side by side with the Welsh Government's strategies. You have touched on this in your evidence already today. I would like to refer to two specific strategic documents, namely the sustainable development plan and the environment strategy for Wales.

[128] Hoffwn ddechrau gyda chwestiwn cyffredinol ar y thema hon. Mae gan Cynulliad Cenedlaethol Cymru a Llywodraeth Cymru gyfrifoldeb statudol i hyrwyddo datblygu cynaliadwy. O ganlyniad i hynny, dylai hynny fod yn egwyddor ganolog o ran trefniadaeth cyrff sy'n cael eu noddi gan Lywodraeth Cymru. Sut ydych yn trefnu eich gweithgareddau er mwyn cydnabod hynny a gweithio o fewn y criteria hynny?

I would like to begin with a general question on this theme. The National Assembly for Wales and the Welsh Government have a statutory duty to promote sustainable development. As a result of that, it should be a central principle in the work of the organisations that are sponsored by the Welsh Government. How do you arrange your activities in order to recognise that and work within those criteria?

[129] **Mr Mills:** I will deal with sustainable development and I will ask Ceri to talk about the environment strategy. I will not try to go over old ground, but we explained earlier that we believe that, within our work, we are nearly always balancing the environment, people and the economy. However, in this year's remit letter, we are asked to develop a decision-making framework, whereby we will test all major decisions that we make along the lines of the principles of sustainable development. So, that will formalise that process to a much greater extent as we go forward. That is one of the specific remit letter requirements of this year that the Welsh Assembly Government has asked us to do. We have not done that in a formal way in the past, but, as we have tried to explain, we believe that, in making our decisions, we are balancing the three pillars of sustainable development.

[130] **Ms Davies:** The environment strategy lasts until 2026, and we are on the second action plan. We lead on 14 actions within that plan and there are nine actions on which we provide support. So, we have some involvement in 23 out of the 42 actions, whether we are leading on

them or supporting them. Of the 14 actions that we lead on, three are complete. Two of the major actions related to issuing the water framework directive river basin managements plans. They were launched on our website on 22 December, in compliance with the legislation, and then officially launched by the Minister in early January. They were for western Wales, the Dee and the Severn. We were also required in the environment strategy to develop a revised water resources strategy. We have done that and it was launched last June.

[131] For the remainder of the actions, the process is a long one, so we need to ensure that we have mechanisms in place to chart progress. I will pick out a few examples of ongoing actions that are successful. We are promoting water-based recreation. We are just entering the third year of the Splash scheme. Over the past two years, £800,000 has been spent on enhancing aquatic recreation activities. Importantly, that has brought in funding, which has taken the funds up to £1.5 million, as there has been additional spend from organisations that have sought grants.

[132] As Chris said, we have also been working closely with the Welsh Assembly Government on embedding the New Approaches Programme for flood-risk management. In the move to improve the level of public understanding about flood-risk management, as opposed to flood defence, we have been working on the public awareness programme. We have some specific examples in Newport and in north Wales. We are working with those communities to work out what information they need from us to understand the flood risk and what support, advice and information they need to prepare themselves to cope with the risk of flooding that they may face in those locations. We are trying to design it differently so that instead of, as we have done in the past, relying on putting out media information and publications on what you can do, we work with the communities on what will benefit them and help them to better understand and deal with the flood risk and mitigate the risk that they face. We are charting progress. We report in our annual report on the environment strategy actions and we discuss progress on a quarterly basis with the Welsh Assembly Government to ensure that the actions are on track and, if they are not, we look at what more needs to be done in terms of interventions to ensure that we meet those requirements.

2.10 p.m.

[133] **Rhodri Glyn Thomas:** Diolch am eich ateb cyflawn, ond yr wyf yn cael trafferth deall yn union sut y mae hyn yn dylanwadu ar eich rhaglen o weithgareddau. Bu ichi nodi nifer helaeth o weithgareddau sy'n codi o hyn, ond, o fewn cwmpas eich gwaith, pa ganran o'ch gweithgareddau sy'n cael ei gyrru gan y targedau hyn? Yr ydych yn gyfrifol am y mwyafrif o dargedau o fewn y strategaeth hon ar gyfer amgylchedd Cymru, ond pa ganran o'ch gweithgareddau sy'n cael ei gyrru gan y targedau hynny? Ni ddyfynnaf y canrannau gan fod ychydig o anghysondeb rhwng y canrannau sydd ar bapur a'r rhai y bu ichi adrodd inni ar lafar, ac yr ydych wedi esbonio bod y canrannau hynny'n ymwneud â blynyddoedd ariannol gwahanol. Fodd bynnag, a allwch ddweud yn gyffredinol pa ganran o'ch gweithgareddau sy'n cael ei gyrru gan y targedau yr ydych yn gyfrifol amdanynt o fewn y strategaeth?

**Rhodri Glyn Thomas:** Thank you for your full response, but I am struggling to understand exactly how this influences your programme of activities. You identified a large number of activities that arise from this, but, within the scope of your work, what percentage of your activities is driven by these targets? You are responsible for most of the targets within the environment strategy for Wales, but what percentage of your activities is driven by those targets? I will not quote the percentages, because there is some inconsistency between the percentages on paper and those that you have mentioned orally, and you have explained that those percentages relate to different financial years. However, can you say in general what percentage of your activities is driven by the targets, for which you are responsible, within the strategy?

[134] **Ms Davies:** I cannot give you a percentage, but, with regard to the environment strategy, we look at all of the actions that we either lead on or contribute to. The starting point for the development of our corporate plan for the next five years was to look at those activities on which we lead or on which we provide support to others. The aim was to start from there and build that into our corporate plan so that we could ensure that we were doing work to deliver against those activities. That will then lead to a series of environmental outcomes and activities that we undertake on the ground so that we can ensure that we will deal with them.

[135] **Mr Mills:** I do not know whether this will help or hinder, but, when I first came to Wales, nearly four years ago, the environment strategy was just being finalised. My feeling is that, in drawing up the environment strategy, the Welsh Assembly Government was deciding what it wanted to include in it. The obvious thing was to then look at organisations within Wales who had the duties and responsibilities to take on the things that were appropriate to them. I think that that is how we have these bits within the environment strategy—they are the ones that are relevant to us, either to lead on or to support. So, the two things are entwined because the Welsh Assembly Government would have looked at the sort of things that the Environment Agency Wales does and at the sort of things that the Countryside Council for Wales does and it would have considered what contribution we would all make to delivering this strategy.

[136] There are often additional things that we do not currently do that the Welsh Assembly Government asks us to do. However, we operate fundamentally on the basis of a whole series of statutory duties that are enshrined in the various bits of legislation over quite a long period of time in terms of the functions for which we are responsible.

[137] **Rhodri Glyn Thomas:** I am finding it difficult to work out to what extent you are ticking boxes from the remit letter, which says that we, as the Welsh Assembly Government, would ask you, as the Environment Agency, to carry out certain duties in order to reach targets within the environment strategy. To what extent is the mentality of your organisation, and how you organise your activities, driven by these strategies? I am not clear from your answers where the balance lies there.

[138] **Mr Mills:** Let me be absolutely clear: our priority is to deliver what the Welsh Assembly Government wants us to deliver. The remit letter encapsulates a range of things, for example, things that we do as a statutory body, specific things that the Welsh Assembly Government wants us to do and things that it want us to do as part of the environment strategy. That is our priority.

[139] **Ms Davies:** When the environment strategy was developed, the people who were writing it were embedded in our business so that we could help with what needed to be included in the strategy. So, not only are we involved with the action plans that come out periodically, but we were very involved in the strategy and had staff helping to develop it when it was being written at the outset. That meant that we could ensure that our advice, information and support were provided so that the relevant issues were covered. So, for a long time, it has been a key part of our business.

[140] **Mr Mills:** The only other things that we do that are not the priorities of the Welsh Assembly Government—although they may still be—are the things that I mentioned earlier, which are in common with others, because of the need to apply European directives across the United Kingdom. So, I do not see a conflict.

[141] **Rhodri Glyn Thomas:** Turning to the sustainable development scheme, you as an organisation are responsible, as part of that scheme, for a number of activities in terms of the indicators in it. How well are you doing against those indicators?

[142] **Mr Mills:** I have eight of them in front of me.

[143] **Rhodri Glyn Thomas:** That is very convenient.

[144] **Mr Mills:** I will run through them. Number 3 is on biodiversity conservation, and, as I said in my opening comments, that is a mixed bag. Otters, for example, have grown in number enormously, whereas water voles and pearl mussels are in critical decline, for a variety of reasons. Our salmon populations are slowly improving. So, there is a mix there. Number 17 is on the ecological impacts of air pollution, which we have to take into consideration when giving permits, in order to make sure that we minimise any adverse affects that granting them may have on the ecology. As you will have seen from the written evidence, air quality has improved enormously over the last 20 years, as has river quality. We have now set the massively challenging standard of the water framework directive. We talked about considerable improvement in respect of municipal waste, but there is still some way to go on commercial and industrial waste. On sustainable water resources management, we have just issued a water resources strategy, which looks at how we can be sustainable with our water resources over the next 50 years. On greenhouse gas emissions, as I explained in the written evidence, we are not directly responsible for regulating them, but we are not seeing a discernible downward trend.

[145] **Rhodri Glyn Thomas:** On a scale of one to 10, 10 being excellent and one being pretty damn awful, how well do you think you are doing overall?

[146] **Mr Mills:** I would say seven.

[147] **Rhodri Glyn Thomas:** To refer to one specific area, namely biodiversity, the Government has already admitted that it will fail to reach its 2010 targets on that. Whose fault is that? Is it the Government's fault? Is it the fault of the organisations such as yours who are working in that area?

[148] **Mr Mills:** As I say, there are some areas for which we are responsible that are improving. With regard to water voles and pearl mussels, the ecology of the pearl mussel is complex and it only lives in the cleanest of waters. It has an amazing life cycle whereby the young live on the gills of fish, and it needs clean water and good fish populations. They are very long-lived, they mature very slowly and reproduce relatively slowly. So, once that cycle starts to fail, it could take a long time to restore it. The decline in water voles is mainly due to the loss of, and damage to, habitat. We recently reintroduced about 200 water voles into the area around Llangorse lake.

2.20 p.m.

[149] Climate change is having an impact on our biodiversity, while alien species—particularly in the aquatic environment—are also having a profound impact. Alien species have come into many of our rivers and that is, again, linked to climate change. We are trying to deal with a very complex picture.

[150] **Rhodri Glyn Thomas:** It may be a complex picture, but the fact of the matter is that the Government is saying that it will not meet the targets. You are saying that you are doing your bit, so where does the failure lie?

[151] **Ms Davies:** We echo what the Countryside Council for Wales said, in that we now need to refocus our activities. The announcement on the natural environmental framework is one way of trying to draw all of us together in a partnership to look again at what we can do to achieve the standards that we have been aspiring to. In some cases we have met these

standards, but in other cases we have not. We will be actively involved in that work between now and September to ensure that we are looking at what is feasible and asking whether we need to look at the wider environment rather than focusing on individual species that may be particularly vulnerable, such as the pearl mussel mentioned by Chris. It is a case of looking at opportunities to build more habitat-based responses, so that there is more of a chance that those individual species will survive in changing conditions.

[152] **Rhodri Glyn Thomas:** Are you more confident of succeeding to meet future targets on that basis?

[153] **Mr Mills:** If we fail on biodiversity we will also fail on the water framework directive. We have excellent chemical water quality, but the water framework directive says that that is not good enough; we must also have the fish, plants and wildlife, and the measurement takes that into account. The big challenge for us with the water framework directive is restoring our rivers to this near-natural condition, as Ceri has mentioned. In order to do so, although it is called the water framework directive it is going to be more about the management of our land and habitats.

[154] We are going to have to work closely with landowners and farmers in particular to find sustainable land-use-management practices, because nearly all of the biodiversity issues stem from habitat and the destruction of it. This is a big job, which is not just going to be about statutory nature conservation or the Environment Agency; it is going to have to be a joint effort, not only between us, landowners and farmers, but also between industry, business, local authorities and so on. Our natural environment is under immense pressure from a variety of sources, including more intensive agriculture and forestry, increased application of fertiliser, more development and so on. Managing all of that will bring back the habitat and, ultimately, bring back biodiversity.

[155] **Michael German:** We will now move on to climate change, to increase the scale of things. Joyce is going to tackle that.

[156] **Rhodri Glyn Thomas:** Well done, Joyce. [*Laughter.*]

[157] **Joyce Watson:** I am going to tackle it all on my own; you can then blame me. I will instead tackle questions on climate change that you have already started to answer. I want to probe the fact that in your submission you highlight a number of ways in which your work supports the reduction of greenhouse gas emissions—we were going into that just now. How do you intend to focus your activities for the forthcoming year to support the Welsh Government's plans on this?

[158] **Ms Davies:** One of the key things that we are introducing this year is the carbon-reduction commitment energy efficiency scheme, which starts from 1 April. This is the cap-and-trade scheme for the commercial and business sector that is not picked up through the European Union emission trading scheme, so it is a way of issuing allowances and, in future, allowing for trade, which will then drive down the cost of that trading to encourage more energy efficient activities and efficient energy use. We will be launching and administering that scheme from 1 April. For a good part of this year we have been working hard to ensure that those public sector bodies and businesses that will be caught by that are aware of the scheme and understand what the requirements will be. We have had a helpdesk running for over a year now, which receives between 500 and 1,000 calls a week, to provide that sort of advice and guidance. We have provided various web-based tools so that business and public sector bodies can understand what the requirements will be. We have also run seminars; we hosted a couple in Cardiff and we have plans to run some more Wales-based information sessions with the Carbon Trust in early May for people who have started the registration process, and who might have some concerns and questions. That is one of the big things that

we will be doing in the next couple of months to meet that particular statutory requirement.

[159] **Joyce Watson:** What activities will you be undertaking to support the Welsh Government's green jobs agenda?

[160] **Ms Davies:** We have worked closely with the Department for Economy and Transport, which developed the green jobs strategy. We were keen that, rather than it being about producing a separate sector of green jobs, it was about greening lots of jobs. We would, therefore, get a much better environmental performance from that route. We had someone working for a substantial amount of their time with the Department for the Economy and Transport to develop that. We are currently talking with the department about potentially seconding someone to it to help to follow that through and also to help them with the embedding of the sustainable development scheme. We have done a lot of work in supporting the Assembly Government on both of those things.

[161] **Mr Mills:** Often in these cases, it is tempting to think that you have to do it yourself. In this particular case, we think that it would be far more effective if we provide the information to the business advisors who work in the Welsh Assembly Government and they then pass that on. They have the data, they have the contact with businesses and they provide them with a whole range of information. They can also provide them with information about energy efficiency and ways to cut down their carbon footprint.

[162] **Ms Davies:** On that point, we have used the Flexible Support for Business mechanism extensively to get the messages of the carbon-reduction commitment scheme out to businesses. The feedback that we are getting from colleagues in England is that because they do not have a similar mechanism, where you have access to the Carbon Trust, the Energy Saving Trust and ourselves under one umbrella, they are finding that they are getting a lot more questions from business that are unaware of the scheme. On the other hand, in Wales, businesses seem to have a better understanding of their requirements, which is why we are now looking at the next phase by organising the workshops that I mentioned and working more with the public sector. We want to ensure that local authorities understand what their requirements and commitments are.

[163] **Joyce Watson:** How does your work support the Welsh Government's plans for developing renewable energy opportunities in Wales? I think that you have touched on this, but is there anything further?

[164] **Mr Mills:** There are a couple of areas. One is hydropower, where we are responsible for granting various consents. We are trying to make it easier for people who want to develop hydropower schemes. We are doing that partly by trying to simplify some of our processes for getting those consents, but also by producing a map to try to identify areas where hydropower is less likely to cause environmental problems, to try to target it into the right area. The other major bit of work that we have been doing over the last 18 months or so is supporting the Severn tidal power feasibility study, which is considering the various ways by which tidal power might be obtained from the Severn estuary. We have put quite a bit of resource into helping with that study to do with the various impacts that we are responsible for, namely flooding, fish movement, water quality, and so on.

2.30 p.m.

[165] **Joyce Watson:** According to your remit letter for 2009-10, you are required to develop and implement the carbon reduction commitment. What progress are you making towards the target of having this scheme operational by April next year?

[166] **Ms Davies:** It is April this year, and it is on target to be operational. The plan is that

when we reach 1 April, we will look at the number of applicants coming to register on that system and then provide more interventions to supply the advice, guidance and support that they need, to ensure that they are registering for it. It is difficult to separate the numbers for England and Wales from each other, because it has been developed to ensure better regulation so as not to put too much of a burden on business. So, there is an element in that scheme of head office applications; it could be that there are facilities in Wales but the head office will make the application. What we are doing, however, is to ensure that we feed that information to the 5,000 businesses that we anticipate will be part of the scheme, and provide all the advice, guidance and assistance that we can, so that they are fully aware of what they need to do and to make the process as simple, slick and straightforward as possible. That means an electronic application tool will be the means of doing it.

[167] **Leanne Wood:** I would like to ask a question. You mentioned opportunities in the Severn, and you also mentioned that habitat loss is a significant factor in the decline in biodiversity. If the plans for a Severn barrage go ahead, there is a risk that a lot of habitat will be lost. What is your role in ensuring that the EU habitat directives are fully complied with in that process?

[168] **Ms Davies:** Part of our core role in being involved with the Severn tidal feasibility study is to look at what impacts the other things, such as pollution controls and flood-risk management, will have, as well as the implications for habitat loss. We then look to see what the scope for an alternative habitat is if that scheme were to go ahead, and if there is an alternative, we have to find where it would be and whether it would be feasible. As you are probably aware, one of our big concerns with that has been the scale of habitat loss that would occur if the largest schemes were to be put forward and how feasible it would be to compensate for that. That is clearly an important habitat for other species that we are trying to protect, such as salmonids and how they would fare in that situation. Our role is key, as is CCW's, with which we work closely on the Severn tidal feasibility scheme, to ensure that, while we are looking at the aquatic biodiversity issues, we work together to convey the messages about the overall habitat loss and impacts on other species further up the chain.

[169] **Michael German:** Before I bring Brynle in, I want to check how you disaggregate carbon emissions data for large, UK-based companies that might have operations in Wales. The obvious ones are the Asdas, the Tescos, and the Morrisons of this world. How are you working with your colleagues in the rest of the UK to do that?

[170] **Ms Davies:** That is a difficult area because there is always a balance to be struck, such as with the EU emissions trading scheme, which we also administer. That is fairly straightforward because each facility has to report on its own emissions and trade on that basis whereas, because of the breadth of this scheme as it applies to such organisations as Asda and Tesco, it has been brought in, in a way, to minimise the regulatory burden on them.

[171] There is a voluntary facility in the scheme for them to identify their particular locations. As an organisation, we are talking to the various trade associations that are involved, to try to come up with an estimation tool on what that means for Wales. Most of those businesses will know how many stores they have in Wales, for example, and therefore they will be able to estimate how much of their total traded allowance would be in Wales, and how much in England. However, it is very much on a voluntary basis because the scheme has been introduced to try to minimise the administrative burden.

[172] **Michael German:** Can you provide a note to describe where you have been successful in getting a voluntary agreement, so that we know the span of what you have been able to achieve? We can assume that the ones that you do not report to us are the unsuccessful ones.

[173] **Ms Davies:** I am sure that we will be able to provide a note on what we have done and



how successful we have been when the scheme has been introduced.

[174] **Michael German:** Thank you.

[175] **Brynle Williams:** You have already touched briefly on this, but how do you plan to ensure collaborative working across responsibilities and cross-border areas with regards to the Marine and Coastal Access Act 2009? Do you have the necessary skills and resources to fulfil the additional work that will come with this?

[176] **Mr Mills:** The Marine and Coastal Access Act involves us in a number of different ways. One of the ways is through marine permitting. We are responsible for various consents on the coast, and the idea is to streamline the consents because many bodies are involved. That should not be an extra resource burden, because it is about trying to make that more efficient for the individual—rather than having to go to many different bodies to get many different consents, they will be able to go to one place and get one consent. Behind that, there will be a lot of activity. The second way the Act involves us is in marine spatial planning, where we will need to have a role because of our responsibilities for the water framework directive out to one nautical mile. That will involve some extra work. There are two more areas: one being marine conservation zones, but I do not think that there will be many of those, so I do not think that that will be a massive responsibility, and there is also the reorganisation of sea fisheries, which will probably take some work away from us. That work will be taken into a new unit that will be run from within the Welsh Assembly Government. Over the years, we have almost assumed the responsibility for being the sea fisheries committee in certain locations, in the absence of anyone else to do the job. So, I am pleased to say that that will be taken up by someone else.

[177] **Ms Davies:** To pick up on the point about the marine conservation zones, about 70 per cent of the coast of Wales is already under some kind of designation, such as being a special area of conservation. The Assembly Government has said that it will look to establish a small number of highly designated zones, and we anticipate that that might help us in terms of some of the improvements that we seek under the water framework directive. If you have small areas that are highly designated and therefore protected, it may help us to achieve the good ecological status that we are trying to achieve under the water framework directive. It is about ensuring that we are working with the Assembly Government on that. Of late, we have provided a resource to the marine team in WAG to help to bring the two organisations together so that there is a good link-up between the marine conservation zones and the water framework directive requirements that we are implementing.

[178] **Brynle Williams:** What input have you had into the shoreline management plans?

[179] **Mr Mills:** We have had a lot of involvement in shoreline management plans. We do not lead on them—they are led by local authorities—but it is important for us to be involved because of our role in coastal flood risk management. So, we work closely with our colleagues in local authorities and other bodies on the development of those shoreline management plans. We also need to ensure that the plans dovetail with the catchment flood management plans.

[180] **Brynle Williams:** How do you plan to improve the current status of rivers and other water bodies in Wales? How much influence do you have on local planning authorities with regard to ensuring that the land use planning decisions have full regard to the environmental impacts?

2.40 p.m.

[181] **Mr Mills:** This goes back to the discussions that we had on the water framework

directive. To some extent, planning decisions will play a role, but I would suggest that the work that we are doing with landowners and the farming community is equally, if not more, important. One of our initiatives for particularly sensitive catchments involves funding catchment officers. That goes back to something that the Chair said earlier about our advisory role. These officers are people who do not carry out a regulatory role, and it is clear to the people whom they deal with that they have no regulatory role, but the people whom we employ come from a farming background, so they know what they are talking about and they know how to relate to people who are in farming. That has been successful and they are providing advice to farmers and landowners on soil management, nutrient management plans and any other advice that will be helpful to them in improving land-use management. The point to stress here is that, in many cases, this is about saving money, because nearly all of these things result in better productivity and lower costs as a result of not using unnecessary fertilisers and so on. They will save money in both the short and long term and lead to improvements in the environment. That has been a very successful initiative and we have set it up in eight catchments.

[182] **Brynle Williams:** You have stuck your head right into the lion's mouth in relation to the nitrate vulnerable zones. I must agree that, in my area, we have had excellent officers. However, what have you been doing to improve practices and promote a positive farmer attitude in the NVZs?

[183] **Ms Davies:** The catchment sensitive farm officers have been going out and giving advice and guidance, but we also have a responsibility to go out and ensure that the programmes of actions are being followed through. We have been doing that by using our operational staff and then providing advice and information on that to the Assembly Government.

[184] **Brynle Williams:** NVZs are very controversial—I happen to live in one, but that is irrelevant. Around the tributaries to the River Alyn, where there are very low nitrate levels, there is a great deal of annoyance and passionate feelings that people will have to spend an awful lot of money and they cannot see why. I understand that water quality has to be paramount, but should we look again at the maps of these catchment areas or are you totally happy with where you are?

[185] **Ms Davies:** The system requires that we revisit it every four years. We are just about to start on the process of working with the Welsh Assembly Government to look again at the monitoring data and information that we have on the ground for the next phase. We will never get to a position where we are comfortable; we are always looking and feeding back the information and the monitoring data and then looking at the next phase. That work is now starting in earnest.

[186] **Brynle Williams:** Finally, with regard to the current grant aid for sorting out the NVZs, what would happen, hypothetically, if you did not see a vast reduction in the NVZs in five or six years' time? Once farmers have got their act together, to where would we look afterwards?

[187] **Ms Davies:** That ties in with similar work that we are doing on the water framework directive. We are employing the same sorts of techniques, namely going out to try to understand the pressures on the catchment so that we can trace where these impacts are coming from. We have started to employ some novel monitoring techniques to try to feed back and see where these pressures are. As a development under the water framework directive, to ensure the implementation of the plan, we have looked at Wales, catchment by catchment, and we have identified the pressures on the catchments from our local knowledge—some of our staff have been working in these patches for a long time. Working with our partners, we can look at what we know about the catchment and what could be

causing that particular problem, so that we can tailor the intervention to meet the requirements. We are proposing to roll that out across Wales to ensure that we are tackling these issues.

[188] **Michael German:** I have two quick questions on waste. We have eight years of landfill left and 2.9 million tonnes of waste went to landfill last year. What will be the focus of your strategy for waste management in the next year?

[189] **Ms Davies:** The focus until now has been on municipal waste. Chris has mentioned that the recycling targets have improved greatly. The amount of biodegradable municipal waste that has been diverted from landfill, in compliance with the landfill directive, has been really good. Local authorities are currently ahead of their targets. However, the targets are increasing year on year, and we are looking at what is in place to ensure that the infrastructure is available at the right time to achieve these harder targets, such as the 50 per cent and 65 per cent reductions that are required by the landfill directive. We are working with the regional waste planning groups to ensure that they have all of the advice and guidance that they need to understand the technologies that they might need to employ. We are looking at our own process of permitting, to ensure that, when these facilities come online, we can permit them as quickly and effectively as possible.

[190] We are also looking at the sectors that have perhaps not received the same attention in the past, such as the industrial and commercial sectors, and the construction and demolition sectors. While, on the face of it, the recycling levels are good, the quantities of waste produced are enormous. The definition of biodegradable municipal waste has now been extended to include that which will come from industry and commerce. Therefore, there has been more than a doubling of the quantity of waste that now needs to be diverted from landfill. Although the performance of the local authorities has been excellent so far, we need to step up our efforts to ensure that this new tranche of waste—if I may call it that—which has recently been designated, is also moved away from landfill. There needs to be more focus on the harder targets for the industrial and commercial sectors and the construction and demolition sectors so that they are able to meet the requirements.

[191] It comes back again to infrastructure. Just a few weeks ago, one of our statutory advisory committee members said that there seems to be a gap in the market because the small jobbing builder cannot go to the local civic amenity site because that is there for the local residents, and he would then have to go to a major waste facility, which might be some distance from where he is working. Therefore, it is a matter of looking at providing a full range of infrastructure so that the big municipal waste arisings have somewhere to go, and the small and medium-sized enterprises will have somewhere to send their materials.

[192] **Michael German:** Thank you. That was a very comprehensive answer. The new infrastructure and the targets for commercial and industrial waste might be something that we could test you on in 12 months' time, to see how far you have progressed with getting rid of what you would now call 5.8 million tonnes, if it has doubled. There is probably about 6 million tonnes of waste according to the new definition.

[193] The other problem that people have talked about in terms of waste is the fact that no-one knows where it goes. You said to one of the legislation committees that some local authorities do not know where their waste ends up. Do you have any messages to local authorities, and to us, about what we should know about where our recycle ends up?

2.50 p.m.

[194] **Ms Davies:** This is about the material going to a sorting facility and then elements of it going to other facilities until it reaches its final destination point. As administrators of the

landfill allowance scheme, this year, with our waste advisers, we are concentrating on following the waste right through the chain, so that we are not just looking at where it goes in the first instance, but also at where the residues from the installation go. The current gap in the system means that there is no requirement to report on that transfer and further segregation down the line. So, that is an area that we are considering with the Welsh Assembly Government through the landfill allowance scheme, to ensure that we have that nailed and that local authorities are reporting the right levels and targets.

[195] **Michael German:** Does anyone know how much of Wales's recycle plastic goes to China?

[196] **Ms Davies:** I do not know the answer to that question.

[197] **Michael German:** Are you saying that the Environment Agency does not know?

[198] **Ms Davies:** We could probably estimate, but we do not know for sure. At the end of the day, the restrictions in the legislation are on waste that goes for disposal, not waste that goes for recycling and recovery. The focus of the attention not just in Wales but in the UK as a whole has been on ensuring that the material reaches the right standard, so that when it goes to another country—and legitimately so, under the Transfrontier Shipment of Waste Regulations 2007—it is of the appropriate standard to be properly recycled and reused. You are right that there is no requirement in the legislation to do that.

[199] **Michael German:** I am asking whether you think that we should know.

[200] **Ms Davies:** I guess that I cannot say that we should not, but it is about being proportionate.

[201] **Michael German:** So, it is not important that we should know.

[202] **Ms Davies:** We need to understand how much material goes, but it is more important to do what we have been focusing on, namely ensuring that the material is of the right quality so that it will reach its final destination. We have been doing a lot of work on taking waste out of the waste stream, because it is no more damaging than virgin products and it is just that it has a waste label. So, it is about destigmatising the product, and we have been concentrating on getting these materials to a standard that means that they are equivalent to non-waste materials. Those materials are then traded as commodities across the world.

[203] **Joyce Watson:** To what extent have you had to reprioritise other areas of activity as a result of meeting your targets for halting biodiversity decline by 2010—if at all, that is?

[204] **Mr Mills:** One thing that we have been asked to do in the remit letter for this year is to play our part in addressing that, and we will now be looking at what we need to reprioritise to do that. As Ceri said, there is an issue here and we need to think again about how we are approaching this problem and what extra we need to do, which will require us to reprioritise what we do.

[205] **Michael German:** Have you not received your remit letter yet?

[206] **Mr Mills:** No, but we have seen a draft copy of it.

[207] **Michael German:** Do you expect to receive it soon?

[208] **Mr Mills:** Yes.

[209] **Michael German:** How soon?

[210] **Mr Mills:** I hope within the next month.

[211] **Michael German:** Is that normal at the beginning of the new financial year?

[212] **Mr Mills:** Yes.

[213] **Michael German:** So, you always receive your remit letter within two to three weeks of the beginning of the new financial year, do you?

[214] **Mr Mills:** Yes.

[215] **Michael German:** Thank you for answering our questions today and for your presentations. There will be a Record, as always, which you can check for accuracy, although you cannot change it because you would have preferred to give different answers. Thank you for the full question-and-answer session in which you have engaged.

[216] Committee members know that the next meeting of the Sustainability Committee is on 11 March, when we will continue with our scrutiny of Assembly Government-sponsored bodies and considering the national park authorities. That meeting will be held in Brecon. With that, I declare this meeting closed.

*Daeth y cyfarfod i ben am 2.54 p.m.  
The meeting ended at 2.54 p.m.*