



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

**Y Pwyllgor Cyfrifon Cyhoeddus
The Public Accounts Committee**

**Dydd Mercher, 27 Ionawr 2010
Wednesday, 27 January 2010**

Cynnwys
Contents

- 4 Ymddiheuriadau a Dirprwyon
Apologies and Substitutions
- 4 Risgiau o Erydu Arfordirol a Llifogydd Llanw yng Nghymru—Sesiwn Dystiolaeth
Coastal Erosion and Tidal Flooding Risks in Wales—Evidence Session
- 16 Risgiau o Erydu Arfordirol a Llifogydd Llanw yng Nghymru: Sesiwn Dystiolaeth
Coastal Erosion and Tidal Flooding Risks in Wales: Evidence Session
- 32 Datblygu Cynaliadwy a Gwneud Penderfyniadau Busnes yn Llywodraeth Cynulliad
Cymru—Brîff gan Archwilydd Cyffredinol Cymru
Sustainable Development and Business Decision Making in the Welsh Assembly
Government—Briefing from the Auditor General for Wales
- 43 Cynnig Trefniadol
Procedural Motion

Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynddi 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
Jeff Cuthbert	Llafur Labour
Alun Davies	Llafur Labour
Michael German	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Bethan Jenkins	Plaid Cymru The Party of Wales
Sandy Mewies	Llafur Labour
Jonathan Morgan	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Chair of the Committee)
Nick Ramsay	Ceidwadwyr Cymreig Welsh Conservatives
Janet Ryder	Plaid Cymru The Party of Wales

Eraill yn bresennol
Others in attendance

Geraint Edwards	Pennaeth Gwasanaethau Amgylcheddol, Cyngor Bwrdeistref Sirol Conwy Head of Environment, Conwy County Borough Council
Dean Jackson-Johns	Prif Swyddog Gweithredol, Bwrdd Draenio Mewnol Cil-y-coed a Gwastadeddau Gwynllŵg Chief Executive Officer, Caldicot and Wentlooge Levels Internal Drainage Board
Chris Mills	Cyfarwyddwr, Asiantaeth yr Amgylchedd Cymru Director, Environment Agency Wales
Alan Morris	Partner Ymgysylltu, Swyddfa Archwilio Cymru Engagement Partner, Wales Audit Office
John Mosedale	Rheolwr Strategaeth a Pholisi, Asiantaeth yr Amgylchedd Cymru Strategy and Policy Manager, Environment Agency Wales
Michael Palmer	Arbenigwr Perfformiad, Swyddfa Archwilio Cymru Performance Specialist, Wales Audit Office
Alan Proctor	Rheolwr Gweithredol Rheoli Llifogydd a Risg Arfordirol, Asiantaeth yr Amgylchedd Cymru Executive Manager for Flood and Coastal Risk Management, Environment Agency Wales
Garfield Williams	Cyfarwyddwr Cynorthwyol Peirianeg, Cyngor Sir Ceredigion Assistant Director Engineering, Ceredigion County Council

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

Alun Davidson	Clerc Clerk
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Joanest Jackson Cynghorydd Cyfreithiol
 Legal Adviser
Andrew Minnis Dirprwy Glerc
 Deputy Clerk

*Dechreuodd y cyfarfod am 8.58 a.m.
The meeting began at 8.58 a.m.*

Ymddiheuriadau a Dirprwyon Apologies and Substitutions

[1] **Jonathan Morgan:** I call this meeting to order and welcome Members to the Public Accounts Committee. I will start with the usual housekeeping arrangements and remind everyone that we operate bilingually, so if Members wish to speak in Welsh, they should feel free to do so. Translation is available on channel 1 of the headsets and channel 0 is for amplification. I ask everyone to switch off mobile phones, BlackBerrys and pagers and remind Members that if the fire alarm sounds, they should follow the advice of the ushers. I have received apologies for absence this morning from Irene James and from the Auditor General for Wales, who has been taken ill.

8.59 a.m.

Risgiau o Erydu Arfordirol a Llifogydd Llanw yng Nghymru—Sesiwn Dystiolaeth Coastal Erosion and Tidal Flooding Risks in Wales—Evidence Session

[2] **Jonathan Morgan:** We will move to the first substantive item on this morning's agenda, which is the committee's inquiry into the auditor general's report into coastal erosion and tidal flooding risks in Wales. This is the first of two evidence sessions that we are undertaking as part of our inquiry and we have colleagues from Environment Agency Wales with us this morning. You are very welcome. I ask you to identify yourselves for the record and then we will proceed with questions.

[3] **Mr Mills:** I am Chris Mills, the director in Wales.

[4] **Mr Mosedale:** I am John Mosedale.

[5] **Mr Proctor:** I am Alan Proctor, the regional floods and coastal management manager.

[6] **Jonathan Morgan:** You are welcome to the committee this morning. In your paper, you accept the auditor general's findings about adopting a more risk-based approach to managing coastal erosion and tidal flooding. Can you expand on what that means in practice and outline your understanding of how the New Approaches programme will facilitate this move?

9.00 a.m.

[7] **Mr Mills:** Effectively, our understanding of the New Approaches programme is that it is a move from the traditional approach of building flood defences to a much more holistic approach towards managing flood risk. It is an acceptance that we cannot continue to protect all people under all circumstances from all types of flooding. While we will continue to build flood defences, we need to look at other ways of protecting people from flood risk—for example, by warning, by increasing resilience and by ensuring that development does not take

place in areas of high flood risk. It is looking at flood risk in a broader way and accepting that merely building bigger and bigger defences is probably not going to be economic, and, indeed, brings risks in its own right, because if large defences are either overtopped or breached, the dangers can be even greater.

[8] **Jonathan Morgan:** Looking at what is proposed for the next few decades, do you think that the Assembly Government is being bold enough in the New Approaches scheme? In your report, you say that the New Approaches framework ought to be reviewed. Do we, therefore, need to be bolder, and somewhat more ambitious in the way that we deal with this particular problem?

[9] **Mr Mills:** Obviously, current flood risk is significant, and, with climate change, that risk will increase significantly. It is important that we work at pace, developing this work as quickly as possible.

[10] **Jeff Cuthbert:** You talked about increasing resilience; are you referring to the robustness of the built environment, that is, structures? If so, what discussions are you having with the construction and engineering industry, for example?

[11] **Mr Mills:** You can look at resilience in a number of ways. One is that we are now designing flood defences in such a way that they can be strengthened and heightened in the event of, for example, higher sea levels. The other way is to look at the construction of individual properties so that, if they are flooded, rather than having to start from scratch, there is a resilience built in—for example, if you put in floors that are resistant to flooding, and have electrical points at a height where they are less likely to be damaged.

[12] **Alun Davies:** It was interesting to read through your paper, Mr Mills. We have been through this before on the Sustainability Committee, so I feel as if we have had this discussion several times in the last few months. Your paper gave a narrative description rather than a response to the report; it is an overview of the issue, which is fair enough. Perhaps I was expecting you to be a bit more analytical in your approach.

[13] **Mr Mills:** In what sense?

[14] **Alun Davies:** For example, you mention the impact of climate change on coastal erosion, and the EU floods directive regulations—you give us a description of those things, and we understand them, and I just had a sense that where there has been an issue with the Environment Agency, it has been in the context of getting a grip of those problems, rather than describing them.

[15] **Mr Mills:** As far as we are concerned, while there is a New Approaches programme, the Environment Agency embraced the whole concept of flood-risk management as opposed to flood defences some time ago. From our perspective, we have been proceeding within the framework and direction of the Welsh Assembly Government in providing coastal flood defences and protecting people and property from coastal flooding. We accept within the report that there are areas where considerable improvements can be made, particularly in terms of collaborative working between the Environment Agency and local authorities, for example. Within the report, we highlight that perhaps there is an opportunity to take a fresh look at how we provide, for example, the capital programme, by considering a more unified way of delivering that between the Environment Agency and local authorities.

[16] **Alun Davies:** That goes back to the session in the Sustainability Committee in terms of co-ordination and management. The auditor general's report found that

[17] 'the Assembly Government has not clearly established the high-level objectives of the

project’.

[18] Is that your experience?

[19] **Mr Mills:** There are high-level objectives with this change of approach. What is missing at present is the translating of that into the more practicable on-the-ground actions. One point that we made in our evidence is the importance of the national strategy, which is proposed within the Flood and Water Management Bill. That is an opportunity to ensure that there is absolute clarity about the roles of different organisations and what their key objectives should be not just for coastal flood-risk management, but for all flood-risk management. We propose that, if the Bill goes through, that strategy needs to be put together as quickly as possible, so that what is missing at present, which is a bit more detail about how the New Approaches programme will be delivered in practice, is made available to all operating authorities so that we can start to make progress in a rather more rapid way.

[20] **Alun Davies:** What do you mean when you say ‘detail’?

[21] **Mr Mills:** It is about being absolutely clear about precisely what objectives need to be delivered and by whom and by when.

[22] **Alun Davies:** The auditor general found that the Assembly Government has not ensured that key stakeholders are aware of their responsibilities. Do you agree with that?

[23] **Mr Mills:** Stakeholders are broadly aware of their responsibilities; we are certainly aware of what our responsibilities are. What is currently lacking in the New Approaches programme is real clarity about a programme of works that is needed to take forward what, at the moment, is a broad concept of flood-risk management as opposed to building flood defences, so that that can be put into a programme of action.

[24] **Alun Davies:** So, people do know what they should be doing and what their responsibilities are, but they are just not carrying them out.

[25] **Mr Mills:** They know what their responsibilities are in broad terms, but if we are to take forward a New Approaches programme of flood-risk management, then it needs to be translated into specific actions for specific organisations to carry out.

[26] **Alun Davies:** This goes back to where we were six months ago in the Sustainability Committee, in that the key issue here is management or co-ordination.

[27] **Mr Mills:** There are opportunities here. Local authorities are playing their role in relation to coastal erosion, and the Environment Agency is playing its role in relation to protecting people and property from flooding. What would be helpful is to have greater co-ordination and co-operation between all those bodies to make the best use of what, increasingly, will be scarce resources, to protect both people and property against this growing risk.

[28] **Alun Davies:** Who should do that?

[29] **Mr Mills:** Local authorities—

[30] **Alun Davies:** Who will co-ordinate and manage all of this?

[31] **Mr Mills:** The Welsh Assembly Government has made it clear that it wishes to take the strategic lead and direction. In terms of the on-the-ground co-ordination, it has made it clear to the Environment Agency that ensuring that the programmes of work are carried out

and reporting back on those is a probable role for the Environment Agency in the future.

[32] **Sandy Mewies:** You have spoken about the need for a review of the New Approaches programme in the light of the recommendations and of new EU and UK legislation. How do you think this review should be conducted and who should conduct the review?

[33] **Mr Mills:** Which review are you talking about?

[34] **Jonathan Morgan:** You say in your report that the New Approaches programme should be reviewed.

[35] **Mr Mills:** I see; I am sorry. The mechanism for doing that is probably through the development of this new national strategy. We also state in our evidence that there needs to be a forum to bring together all the different organisations that are responsible for coastal flood-risk management to input into that national strategy. I think that that gives us a vehicle to move forward from the concept stage to the more specific actions within the strategy.

9.10 a.m.

[36] **Sandy Mewies:** You are saying that all the stakeholders should be involved in the strategy. Is there one agency that will take an overarching responsibility?

[37] **Mr Mills:** That is not clear at the moment. From the point of view of what I have just said, the Environment Agency is quite well placed to be able to help in taking that co-ordinating role.

[38] **Jonathan Morgan:** You say that the New Approaches programme should be reviewed, but does the Assembly Government agree that it should be reviewed, or is that just your view?

[39] **Mr Mills:** That is our view.

[40] **Jonathan Morgan:** So, there have not been any discussions with the Government about whether a review should take place and, if it should, who should do it.

[41] **Mr Mills:** No, there have not.

[42] **Bethan Jenkins:** I would think that a lot of what I have to ask has been touched upon. We are aware of the UK Flood and Water Management Bill. Have you had any initial talks with the Welsh Government on the strategy and the way forward, considering that there will be a duty on Ministers to put forward a strategy? Have you had any initial discussions about what that strategy would look like?

[43] **Mr Mills:** We have been working closely with the Welsh Assembly Government on the Bill. I will ask my colleague John Mosedale, who has been leading on that, to say a few words.

[44] **Mr Mosedale:** There are two elements. In Wales, the Minister has to produce a strategy, and we have been discussing with Welsh Assembly Government officials what might be in that. In England, the Environment Agency is developing the strategy. So, we have been looking to that agency to hear what ideas it has. Similarly, we have been feeding back the ideas from Wales. We are getting two bites of the cherry from two groups of people. We have started to look in detail at what might be involved and what it needs to deliver. As Chris has been saying, there needs to be clarity on who does what, what the objectives are, what the

timescales are and how it is going to be resourced.

[45] **Bethan Jenkins:** It seems to me, from the list that you have provided in your evidence, that some of these things should already be in place, such as targeted outcomes and role definitions. What is happening currently for you to have to outline that these need to be in place when the strategy is implemented?

[46] **Mr Mills:** There are two things here. As I have tried to explain, a great deal of work currently takes place in terms of tidal and coastal flood-risk management, but it takes place within the context of the Environment Agency carrying out its duties to protect people and property, and local authorities carrying out their duty to prevent coastal erosion. The next stage is to look at it in a more holistic way, as opposed to having a whole series of different organisations doing things, to see how it could be better co-ordinated and brought together. There needs to be extra thinking in terms of how we might do things slightly differently in the future, as opposed to the traditional way—in the way that it has been set up—of different organisations having different responsibilities.

[47] To give you one specific example, the distinction between protecting against coastal erosion and protecting people and property is quite a tenuous one. In many areas, effectively, you have to do both. The Environment Agency currently has the powers to be able to carry out flood defences to protect people and property, but not for coastal erosion. The Bill is suggesting that we will be able to do both. In the future, with our consent, local authorities will be able to do both. What we need is clarity about how that is all going to operate in the future. The Flood and Water Management Bill and the new national strategy offer an opportunity to set out exactly how we are going to achieve some of these new ways of working.

[48] **Bethan Jenkins:** Have you not been doing that in an ad hoc way? You have recognised that these are long-standing issues. Have you not already been working on that, even in an informal capacity, now that it will be a duty?

[49] **Mr Mills:** In an informal capacity, we certainly have been working on that. It would be much more efficient if that could be formalised. I would suggest that we could take it much further forward if the whole thing was formalised, as it will be in the Flood and Water Management Bill.

[50] **Jonathan Morgan:** May I ask for clarification? You talk about the potential new powers available to you in the Bill to take on a role with regard to the coastline, beyond the powers that you already have for property and people. Does that give you the sole supervisory responsibility, or is that something that you have to share? The auditor general, in his report, makes it very clear that it would be desirable to have one supervisory authority for the coastline. Is that something that you have to share with local authorities, or would you take the overarching supervisory role?

[51] **Mr Mills:** We already have a supervisory duty for all flood defence, but it is very unclear. I do not know whether you want to add to that.

[52] **Mr Mosedale:** One problem is that the legislation that we work under is largely 30 years old and it compartmentalised things. As Chris said, we could do flood defence on the coast, but we could not do coastal erosion works. This Bill gives us an opportunity. The floods of 2007 and the subsequent Pitt review have allowed us to sort this out. There have been barriers to us doing work, but we have got around these by working with local authorities. So, if there is uncertainty about who takes the lead and there is clearly a problem, in the past, we have sat down with the local authority and asked who wants to lead. There have, interestingly, been issues historically around grant in aid, namely that it was a better

grant-in-aid rate if the local authority did the work. That is now changing, but that was how, in some cases, it was advantageous for it to be coastal defence, because it got a higher grant rate than a flood defence. We are now on an even keel on those matters, so it is no longer an issue, but those historical issues have guided how we have got here, and a new approach is needed to take this forward in a joined-up way, where everyone is working together and we are using our resources more effectively. That is the great opportunity of this Bill.

[53] **Janet Ryder:** The Bill that is going through now is a severely guillotined one. In fact, it was suggested that it should not progress, because it has been guillotined so much. Are you satisfied that, even in the state that it is going through now, either you or the Minister will have the necessary powers to carry out a shift in strategy and complete the strategy that is needed?

[54] **Mr Mills:** Our view is that it is absolutely essential for this Bill to go through and what is being proposed will be a significant step forward. It may not necessarily provide absolutely everything that we might have envisaged, because the original Flood and Water Management Bill was much broader. However, it is absolutely essential to take this opportunity to have a national strategy and to clarify the roles of different organisations and a number of other powers that will be put forward in the Bill. It is very important that this opportunity is taken, and that will enable us to make some rapid progress.

[55] **Michael German:** I would like to ask some questions around paragraph 2.15 of the auditor general's report, which begins:

[56] 'there has, as yet, been little effective communication with coastal communities at risk from erosion or flooding'.

[57] I note further on in that paragraph that the Assembly's Government's view, as reported by the auditor general, is that before you have potentially difficult consultations with members of the public who might be affected, your toolkit and shoreline management plans should be in place. Your response to that paragraph is the last but one bullet point on page 3 of your report, beginning with:

[58] 'public awareness campaigns have been a key priority for many years'.

[59] If the view of the auditor general is that there has been little effective communication, and your view is that public awareness campaigns have been a high priority, which is right?

[60] **Mr Mills:** The Environment Agency has, for a number of years, put considerable resource into media awareness campaigns. It has not always been just through the media, but it has tried to get the message across and make people aware that they are living in areas of flood risk, encouraging them to sign up for flood warnings. Our research shows that that is only partially effective.

9.20 a.m.

[61] Our latest survey showed that about 50 per cent of the people living in areas at high risk of flooding are aware of that risk, and only about 25 per cent have taken any action. From that point of view, the auditor general is correct, because, despite the fact that a lot of effort is being put into that, it appears that you can only get so far with media campaigns and other campaign-type techniques.

[62] We have recognised, and have set out in our evidence, that we are now moving to more direct community engagement. That is very resource-intensive, but it will be necessary if we are to reach the target of making everyone who is in an area at risk of flooding aware of

that risk. We are setting about it by saying that it is not just about the Environment Agency. Obviously, we need to take the lead and to do quite a lot of the co-ordination, but it is about finding out, in those communities with a high risk of flooding, who are the people who are at the greatest risk and what are the mechanisms that already exist in those communities that allow effective communication. We are undertaking several pilot projects around Wales in areas with a high risk of flooding to set that off. I do not know whether my colleague would like to say a bit about that.

[63] **Mr Proctor:** We have picked three areas: one in Newport, one in Bridgend and one in north Wales. The reasons why we have picked those is that, as Chris says, they are areas at a high risk of flooding, and they are a combination of socially deprived areas, mixed-ethnicity areas as well as catchments that are slightly different in respect of the scale of the flooding risk. Some are urban areas, such as Maindee in Newport, and the one in north Wales is a steep-sided valley with rivers prone to flash flooding. We are trying to use the pilot project to inform us on the best form of communication going forward.

[64] Going back to the comment about what we have said in our evidence, the sorts of things that we have done in the past are not just media campaigns, which Chris mentioned; the Flood Wise campaigns have taken, or have attempted to take, the message directly to the communities, in shopping centres, supermarkets and so on. Unfortunately, communications are the proverbial journey and not the destination. So, we have had to look carefully at the other mechanisms that we can employ to get the message through to—dare I say it?—the hard-to-reach part of the community. Those people are at risk, and we want to help them to appreciate that risk.

[65] **Michael German:** You have said, Chris, that this was very resource-intensive. I will add to this question the last part of paragraph 2.15 in the auditor general's report, which is on the Assembly Government's view on the way in which you should engage in consultation. In other words, you should do your shoreline management plans and your toolkit, and get all that sorted before you talk to people. Could you give your view on whether the Assembly Government's view reflects what is actually happening, or whether you are just getting on with the job? Secondly, how resource-intensive is it, and are you funded sufficiently well for that?

[66] **Mr Mills:** The Assembly Government has asked us to do the pilot projects, so that is part of its overall plan. It has given us extra resources that have enabled us to do it. It is resource-intensive, and prior to now we did not have specific resources to do it.

[67] **Sandy Mewies:** Is there reluctance not because people do not know about it but because they have concerns that, if they do sign up for flood-risk warnings, their insurance will be affected? I am from north Wales, and I have spoken to people who are perhaps rather ostrich-like as they feel, whether it is true or not, that there might be a negative impact on their insurance policies if they admit that they are at risk of flooding. Have you found that?

[68] **Mr Mills:** I am sure that you are right, but that is misguided in that the insurance companies already have access to that information. So, whether or not they sign up to for flood warnings will not make a difference.

[69] **Sandy Mewies:** Do you make that clear to people?

[70] **Mr Mills:** Yes, we do try to make that clear to people.

[71] **Nick Ramsay:** Please accept my apologies for arriving late. Following on from the previous set of questions on public engagement, to what extent have you engaged with local authorities in designing and rolling out a consultation scheme? You have just spoken about—

and said in response to Sandy Mewies—how you would like more people to sign up and to engage with different agencies, but what about local authorities?

[72] **Mr Mills:** Again, I will ask Alan, who is leading on this, but my understanding is that we are involving local authorities. They are a key part of this, so we are involving them intimately in what we are doing.

[73] **Mr Proctor:** I would go further than that. Newport was the first area that we looked at, before Christmas, and what we did, particularly in analysing the demographics and the make-up of the area, was to speak to the leaders of the religious communities and local community groups. Our belief is that the people who know the communities better than us, in addition to local authority officers and members, are community representatives. It is fair to say that they have been extremely informative in advising us on the best mechanisms and the best times of the day and the week to communicate with those communities, which, as we said earlier, may be a little reluctant to talk to us about the risk. Some of them may not even appreciate the risk. So, yes, we are talking significantly to local authorities and we are going much further than that.

[74] **Nick Ramsay:** At the end of last year, I visited the Caldicot and Wentlooge internal drainage board area, which has major flooding and drainage issues. It was extraordinary to speak to some of the people who live there about how little they knew about the potential problem facing them. I also spoke to members of the commission, which, as you are probably aware, has been in place for many hundreds of years in some form or other, and it believes that there is a lot of expertise that it and local groups have; the Environment Agency has partially tapped into that, but it thinks that it could tap a lot further into that. Do you agree with that? Is there still more that you can do in getting the expertise of those sorts of groups?

[75] **Mr Mills:** Yes, that will nearly always be the case. I note what you said and follow up on that. At the end of the day, in order to be able to protect people from flooding, not just coastal flooding but all forms of flooding, we need a great deal of engagement from all involved. As far as awareness is concerned, one issue is that, in many locations, while the flood risk is there, people may not have been flooded for some considerable time. Therefore, it becomes a low priority for people over time, until, unfortunately, an event happens and becomes a high priority again. So, there is a cycle in flood-risk management, whereby people's awareness is heightened when there is an event, but, when there are many years when nothing happens, people gradually forget about that risk. The risk is there, but it is heightened by events, and if events do not happen for considerable time, it can go down on people's agenda.

[76] **Mr Proctor:** To indicate how broad our thinking is on this, our initiative in this regard is not being led by any flood expert. It is being led by an expert in community engagement, who can advise and steer us, not just in terms of the messages, but also in how to approach different communities. That has been extremely valuable thus far.

[77] **Lorraine Barrett:** I will look at the monitoring of the programme. In your paper, Chris, you state that:

[78] 'the Wales Audit Office report recommends a methodology be produced to calculate the social, environmental and economic value of assets, activities and the impact of new schemes'.

[79] However, you state that you have developed a methodology to calculate those things. Are you implementing that methodology and collecting information to inform the management of risk?

[80] **Mr Mills:** Yes, we are. One point made in the report was the need to look at not just the economic aspects of the scheme, but also the social and environmental aspects. When we are considering new flood defence schemes, we look at the economic and social aspects. We take the environmental aspects into account, but not in a formal sense in terms of the process. It is quite complicated, so perhaps John can say a few words about how we do it.

9.30 a.m.

[81] **Mr Mosedale:** We have a very thick manual on assessing schemes, so a lot will be left out. The economic costs are quite easy to work out, because you are looking at the damage that you have saved, in effect. The social and environmental costs are often intangible, so you are writing down a list of all the impacts of flooding, and not flooding so often, and trying to decide which of those are important. If a scheme does not have a positive cost-benefit ratio, where the costs slightly exceed the benefits, the Welsh Assembly Government has given us the opportunity to still consider whether to progress a scheme. In the old days, that would not have happened. That is what we did in New Tredegar, where there were some important social considerations. Flooding happens there very quickly because it is so high up in the catchment. There were elderly people, social housing and an old people's home there. The only way that we could have time to evacuate the area was by putting in a defence so that it did not flood so often. That type of approach is difficult to quantify, but if you sit 10 people around the table, they will probably come up with the same answer.

[82] In terms of a more tangible way of doing things, we have a calculation when we are trying to prioritise which schemes we should do, which takes into account the number of properties that would be protected and the number of properties at severe risk of flooding. You want to spend your money where you get the best return, and if you can reduce the severe risk to a low risk, that is obviously good. It is also heavily weighted towards the number of residential properties at severe risk in a socially deprived area. Those factors are all taken into account in working out the priority.

[83] **Lorraine Barrett:** To pick up on what you said about the methodology currently being updated, I presume that a continual process of updating would be needed, but do you feel that you have reached almost as far as you could or should go with it, or is it a continual review of the methodology?

[84] **Mr Mosedale:** It is under continual review. If part of those procedures are seen to be unfit for purpose, they do get reviewed. It is partly about the political imperatives. In Wales, social deprivation is a key element to the Assembly's work. That is a big issue in our prioritisation; in England, it might be less so, but in Wales it is a key element of it. So, it is always under review, and, as a consequence, it is never perfect, but we are always happy to review something if someone thinks that it is unfit.

[85] **Jonathan Morgan:** The Environment Agency published a report this month looking at the cost of the summer floods in 2007. The monetary cost of those floods in England was apparently £3.2 billion. In terms of the methodology that was used in that report, is it the same as the methodology that is referred to in your paper?

[86] **Mr Mills:** We were talking more in terms of looking at the longer term investment required for coastal flood defences.

[87] **Jonathan Morgan:** If you have a methodology that looks at the longer term in relation to our flood defences, could your methodology help to determine whether sustainable solutions, such as managed retreat and relocation to land that is at lower risk from erosion or tidal flooding, could represent good value for money? Could your methodology assess that as

an option, or is it very much confined to what you have just said?

[88] **Mr Mills:** I will explain what the methodology is, if I may. It has not been published yet, but it is near completion. The Welsh Assembly Government asked us to look at a longer-term investment strategy for flood-risk management. We have looked at different levels of investment—from carrying on as we are to perhaps six times the level of investment—and the impact that that would have on the amount of flood risk and reducing that risk.

[89] So, it will give us a basis on which to make future investment decisions. In broad terms, even up to six times our current investment would still be cost beneficial, but this piece of work will provide a basis for a wider debate about how much we should spend on coastal flood-risk management, which is clearly a political decision at the end of the day. However, we need to engage a whole range of people in talking about what the right level of investment is and what we can afford. Out of that spins the question—if you cannot afford, or you do not wish to afford to provide those flood defences—of what the alternative strategies are, which comes to your point that we may be faced with a situation, with increasing flood risk and a rising sea level, in which it is no longer economic or practicable to continue to defend certain areas.

[90] **Jonathan Morgan:** Getting to that part of the future equation, does the Environment Agency have a particular method of assessing what potential sustainable solutions represent value for money, if at all, such as those that I mentioned around a possible relocation to land at lower risk from erosion or flooding and managed retreat? Do you have a way by which you assess possible sustainable solutions within the confines of value for money?

[91] **Mr Proctor:** As Chris explained, the current exercise that we are undertaking is not assessing the cost of moving a community; it is assessing the costs and affordability of building defences to cope with certain predicted risks that go forward. By definition, that leads you to consider whether you wish to spend that money and whether it is technically feasible to build certain defences at a certain level. Once you have that determination, by definition, if one considers that to be hugely expensive, that will lead to a debate about the other alternatives, which include managed retreat, but by itself, it does not calculate the costs of moving.

[92] **Mr Mills:** We do not have a methodology for doing that, other than you come to that conclusion if you decide that you can no longer afford to defend a place.

[93] **Alun Davies:** I am interested in taking some of these issues forward. We talked about the capacity, objectives, management and resources. I earlier described your written evidence as a narrative rather than an analysis. What are the key issues that you take out of the auditor general's report about you and how will you change the way that you do your job as an organisation of the future?

[94] **Mr Mills:** The first thing that I take from the auditor general's report is his conclusions—with which I agree—that there needs to be greater clarity about our role, clear objectives and better co-ordination. As we stated, we believe that the mechanism to take that forward will be the national strategy that is proposed as part of the Flood and Water Management Bill. While the legislation does not give a timetable for that, we think that it will be important, if the Bill is enacted, for there to be a clear timetable for the production of that national strategy, because it will provide clarity for all the organisations that are involved in how we work in the new framework of the new approaches programme in a co-ordinated way.

[95] The second thing that I take from the report and totally agree with is the need for communication and engagement with those who are at risk. We talked about that a moment

ago. There is clearly a lot of work to be done to find the best ways and the most effective mechanisms to do that. It is complicated and resource-intensive. The last area is the collaboration between different bodies. In our evidence, we say that—and I will take the opportunity to restate this—we think that there is an opportunity for the Environment Agency and local authorities to explore different ways of providing our flood-risk management services, and particularly our flood-defence capital programme. Instead of doing it separately, there is an opportunity for us perhaps to look at ways of doing that jointly thus making it more efficient and cost-effective.

9.40 a.m.

[96] **Alun Davies:** That is very useful, thank you. It might be useful, Jonathan, if we could circulate some of Mr Mills's evidence to the Sustainability Committee on some of the issues from last year because the committee covers many of these issues and goes into a little more detail. I think that that would be useful for committee members.

[97] **Jonathan Morgan:** Okay.

[98] **Alun Davies:** You talk about the need for co-ordination and management of the New Approaches programme. The auditor general's report discusses that programme and refers to a lack of capacity. How would you respond to that and how would you suggest addressing capacity building to deliver new approaches?

[99] **Mr Mills:** That links directly to the point that I have just made. For example, instead of the individual local authorities and the Environment Agency building flood defences separately, doing so in a combined way would give us greater capacity—not just capacity in terms of resources but in terms of skills, which are also in short supply. That is one of the ways in which we could increase our capacity to do this work. That will also link to the work that we have done on investment. We must accept that we could continue to put a great deal more investment into this and there would still be a residual risk. Therefore, we will probably never have the capacity to do all that we might like to do but these are hard decisions that will have to be made in terms of what public spending is available.

[100] **Mr Proctor:** Apart from dealing with the capacity challenge, building the defences and even looking at flood-risk management in a more co-ordinated way across the whole of the authorities and the EA would allow us to make much more effective use of the money itself. Even if expenditure was not constrained, it would allow a much better approach to dealing with consultants and contractors, and following the citizens model would allow us to push for best practice to be used widely across all of the relevant bodies. It is a great opportunity.

[101] **Jeff Cuthbert:** If you will allow me, Chair, I will ask my questions together to save time. I have some supplementary questions about some of your comments, and then I will ask my main question. I think that there is a link, although you have probably dealt with my main question considerably through your answers to earlier questions. You said that skills are in short supply. That sounds like a huge issue and you might like to clarify the sorts of skills that you are referring to.

[102] On your methodology, in response to Lorraine Barrett's question on calculating the need I asked you at the beginning of the session about your comments on increasing resilience and the built environment, and whether, as part of your methodology, you are in discussions with construction and engineering companies who, after all, build the built environment. Is the issue of skills related to their activities, and if so, what are you doing to try to close any skills gap? That is the first part. In terms of my main question—

[103] **Jonathan Morgan:** Forgive me for interrupting, Jeff, but I do not think that it is the responsibility of the Environment Agency to try to address skills gaps within the construction industry. That is a matter for the construction industry. The Environment Agency is about making sure that we have the right mix between what we do in defending our coastlines and ensuring that people are protected against flooding risk. We need to stick to the questions that we have about the report. There may be a skills issue, but I do not think that the questions are appropriate for the Environmental Agency.

[104] **Jeff Cuthbert:** I will be guided by you, Chair, in that regard. I only raised the point because you mentioned the skills shortage. My main question is about relationships and roles, and the comparison with the situation in England, because the auditor general suggested that we might not be doing as well by having a different approach to that adopted in England. Do you feel that we should have an approach that is very similar to that in England, or is the current approach of the Welsh Assembly Government to persevere with the status quo the right direction for us? What do you think are the strengths and weaknesses of the two approaches?

[105] **Mr Mills:** Fundamentally, the approaches in both countries are the same and move towards flood-risk management. Where they differ is the current proposal on how that is delivered. In England, the Environment Agency has been given a fairly broad supervisory role for overseeing all flood-risk management, including coastal flood-risk management. The model that is proposed in Wales is that the Welsh Assembly Government will set the strategic direction and be responsible for allocating the resources. The Environment Agency will be responsible primarily for protecting people and property against coastal flooding. It is also proposed that we will have a role in overseeing practical delivery across the board, to ensure that the various plans and strategies are delivered, reporting that back to the Welsh Assembly Government. Local authorities will continue to have the primary role in relation to coastal erosion and local flooding. So, it is primarily the governance arrangements that are different.

[106] There are many pieces of work that are carried out in support of that, where there is no need for Wales to be different, and so it is important to use that work in a joined-up way as far as possible, which would mean that we would benefit. As an England-and-Wales agency, wherever possible, we try to ensure that any work going on in the English part of our organisation that would be useful to Wales is translated across quickly so that we can make the best use of resources. There is no point in going through that work separately; we might as well use it. That needs to be exploited as much as possible.

[107] **Mr Proctor:** Resilience is an important issue. I will just briefly mention that considerable discussion has gone on between the building control national bodies, the local authorities and the insurance industry about installing things like plaster that dries more quickly, as well as other design features in the houses. We work together with those bodies considerably.

[108] **Janet Ryder:** To go back to what you said about the different roles between England and Wales. If there is knowledge in England that we can gain from, that is fine, but what we want to know is how we can best use public money within Wales to produce the best outcomes for the public in Wales. Given that, do you believe that the Environment Agency should have a stronger role in Wales as regards that new approach?

[109] **Mr Mills:** If the Welsh Assembly Government wants us to do it, we are well placed to co-ordinate all the efforts, to ensure that things are being delivered on the ground, and then to report back on progress. We are in a good position to offer that to the Welsh Assembly Government.

[110] **Janet Ryder:** What would be the potential advantages of moving away from the path

that is proposed of the Minister having control over everything? Are there any advantages in moving away from that and centralising it more, bringing more of these roles together in one body such as yours?

[111] **Mr Mills:** Ultimately, that is a political decision. It has been made very clear that local authorities will have a key role in dealing with local flooding, and there is a great deal of sense in that. For local flooding, local authorities have the information and the services themselves. If you try to bring that together, you would create a less efficient model.

[112] As for the broader matters, the Environment Agency already has those wider roles. The particular issue that I suggest for coastal and flood-risk management is to ensure that you have two bodies, one responsible for coastal erosion and the other for protecting people and property. However, the provisions in the Flood and Water Management Bill, as we covered earlier, will help to eliminate any confusion that there may have been in the past.

[113] **Jonathan Morgan:** Thank you. That concludes this first evidence session. I thank our witnesses for being with us this morning. It has been extremely helpful.

9.50 a.m.

**Risgiau o Erydu Arfordirol a Llifogydd Llanw yng Nghymru: Sesiwn
Dystiolaeth
Coastal Erosion and Tidal Flooding Risks in Wales: Evidence Session**

[114] **Jonathan Morgan:** We now move to the next item on the agenda, which continues with our evidence session on coastal erosion and tidal flooding. We will now take evidence from individuals representing maritime local authorities. I welcome the witnesses and ask them to identify themselves for the record.

[115] **Mr Jackson-Johns:** I am Dean Jackson-Johns, chief executive of the Caldicot and Wentlooge Levels Internal Drainage Board. I also provide administration services to other internal drainage boards in Wales, including the Powys and lower Wye boards.

[116] **Mr Edwards:** I am Geraint Edwards, head of environment at Conwy County Borough Council.

[117] **Mr Williams:** I am Garfield Williams, assistant director of highways property and works at Ceredigion County Council.

[118] **Jonathan Morgan:** As a matter of housekeeping, the Assembly operates bilingually, so if you wish to speak in Welsh feel free to do so. The translation is available on channel 1 of the headsets. Channel 0 is for the amplification of the audio. I am always conscious of the fact that some of the witnesses who come to committee are not here at the outset when I make the announcements.

[119] As an opening question, I ask each of you to outline briefly how coastal erosion and tidal flooding affects your area and how you think it is likely to affect it in the future.

[120] **Mr Jackson-Johns:** I am chief executive of one of the largest internal drainage boards in England and Wales, the Caldicot and Wentlooge Levels Internal Drainage Board. We extend in area from the mouth of the River Rhymney in Cardiff to the mouth of the River Wye in Chepstow. It is one of largest areas of reclaimed grassland in the UK. The board's area extends to 10,500 ha and we maintain 165 km of water courses on top of the main rivers. We border the northern side of the Severn estuary, which has the second highest tidal range in

the world. The area is protected by substantial earth bank sea defences. Within the Severn estuary, we have a tidal range in the region of 15 metres. The sea defences provided substantial protection to the hinterland for in excess of 2,000 years, from the period when the Romans were the first people to drain the area. Neighbouring that are also the large developed areas of Cardiff, Newport and Chepstow, a large economic power base for Wales, including the south Wales to Paddington railway line, the M4 relief road, large urban areas and industrial areas at Llanwern, St Mellons and so on.

[121] **Jonathan Morgan:** How do you think these issues will affect your area in the future? What sort of predictions are you looking at?

[122] **Mr Jackson-Johns:** As a result of climate change, it is forecast that the sea level will rise in excess of 1 metre in the next 100 years. As part of the shoreline management plan, it is already forecast that the area could face regular inundation by 2016. Considering the farming and development interests in the area, if the sea defences are to be overtopped, or not upgraded, it will seriously affect the value of the area. As I said, it is an important economic base for south Wales, if not the whole of Wales.

[123] **Mr Edwards:** Conwy has the largest number of properties at significant risk of flooding in Wales. One third of its population is considered to be at risk of flooding. Eighty per cent of the communities in Conwy itself reside within the coastal areas, so coastal flooding is a significant risk for the county of Conwy. In the future, the risks will increase. How we manage those risks is the subject of the report before us.

[124] **Mr Williams:** Ceredigion has 100 km of coastline, from the Teifi estuary in the south, to the Dyfi estuary in the north. As an authority, we are responsible for non-main river flooding, but the main focus today is on tidal flooding. We have particular problems with tidal flooding, which involves erosion and retreat. It also involves overtopping, and shingle being thrown up by the sea, and I would say that properties are more at risk of that than of being flooded more frequently.

[125] Along the Ceredigion coast, there are tidal flooding problems in Cardigan and future erosion risks in Aberporth. There are areas in Newquay that do not have the benefit of being able to look forward to future protection. Aberaeron has a scheme but needs another tidal scheme to finish it off. Aberystwyth has a very large frontage, and Borth is particularly at risk and is contemplating a scheme at the moment.

[126] As for what you are looking at today and our responsibility for tackling coastal erosion, I would say that we are already suffering—not in the sense that we are flooding now but that the time for people to plan and think about retreating, or mitigating their losses, is upon them. The policy has already changed, in the sense that there is no certainty that the people behind ongoing schemes can expect to receive funding in future. Communities in Ceredigion are smaller than those in Conwy, and there are fewer properties to draw attention to and demonstrate the cost-benefit of schemes. However, each of these communities could become unsustainable if parts of them are lost.

[127] **Lorraine Barrett:** I am looking at the issue of moving to a risk-based approach. The auditor general's report found that the current arrangements cannot keep pace with environmental change, and you have just alluded to that in your response. He also says that evidence suggests that a risk-based approach offers more sustainable solutions. The Welsh Government's New Approaches programme aims to change the way in which coastal erosion and flooding is addressed. How clearly do you feel that the Welsh Government has communicated the objectives of the New Approaches programme to you, and are you clear about what the Government expects of you to deliver that programme?

[128] **Mr Jackson-Johns:** We are not here to criticise; we are trying to find speedy solutions to these issues. We have to comment in the context of the internal drainage board's remit, but we strongly support the recommendations made by the Auditor General for Wales. We feel that the New Approaches programme is the way forward in Wales.

[129] The programme was launched in a blaze of glory back in 2007, but the internal drainage board was disappointed that we were not more fully involved. We are keen to play a full and active part in the delivery of the New Approaches programme but feel that maybe the IDB has been overlooked, perhaps because we are not a large organisation and there are preconceptions as to what internal drainage boards do.

[130] The document is there, but what there has failed to be—and this is not a criticism—is any action on the ground with local communities, local authorities and the IDBs, to deliver its goals. To summarise, it is a commendable document, but it needs more resources if it is to be implemented. I was personally involved in the process in 2007, but I have had very little direct involvement since then.

[131] **Jonathan Morgan:** Alun, I believe that you have a brief supplementary question.

[132] **Alun Davies:** Why such little involvement?

[133] **Jonathan Morgan:** That was indeed very brief.

[134] **Mr Jackson-Johns:** Why have we not been involved? I appreciate that the Assembly Government's resources are very constrained. It is a small team, and I appreciate that there are bigger issues at play. There has been large-scale flooding in Wales in the past few years, and there have been large sea-defence improvement schemes. In all fairness, I honestly think that it comes down to a matter of resources. We have worked very well with Dr Peter Jones's team.

[135] **Lorraine Barrett:** Do you feel that you could be a resource for the Government if you were brought in?

[136] **Mr Jackson-Johns:** We have been advocating and promoting that for a number of years. The IDBs are very much strategic bodies that can deliver an awful lot on the ground. We have the personnel and the expertise. We feel that we can deliver an awful lot more, not only in south-east Wales but for the other internal drainage boards in and bordering Wales. We are an underutilised resource and have expertise outside the IDB area. More importantly, we could be working with our colleagues in the local authority. I appreciate that that comes under the Flood and Water Management Bill, but a lot of progress can be made in that area.

10.00 a.m.

[137] **Janet Ryder:** I am a little bemused, because what you are telling me now seems to go against what I heard from the previous witnesses. I took from them that your area was one of those with which it was working closely on developing good public communications and good public meetings, and that it was working closely with all the local authorities. You seem to be telling me something different, and I cannot put those two things together.

[138] **Mr Jackson-Johns:** We work closely with the Environment Agency, and there is respect on both sides. So, there are no issues with the Environment Agency. However, it is not happening with the communities in these areas. I understand what is happening, as I am a professional—

[139] **Janet Ryder:** I am sorry to interrupt you, but the Environment Agency has just gone

to great lengths to tell us that it is increasing the amount of public consultation it undertakes, and that it is consulting with communities and with community groups. Are you telling me that that is not happening?

[140] **Mr Jackson-Johns:** I feel that, with regard to community councils, more could be done. I cannot get into the semantics, but, as regards the New Approaches programme, we are all aware of it. However, as for how it is being delivered on the ground, and I know that there is convergence funding and so on, we have seen very little evidence of—

[141] **Janet Ryder:** Are you telling me that the consultation that we have just been told is happening is not happening? That is what I am asking. Is the answer ‘yes’ or ‘no’?

[142] **Mr Jackson-Johns:** It is happening, but not to the extent that we feel that it should be. There should be community meetings, and meetings with local villagers. That sort of thing should be happening. We are all professional people here, and we know what we are on about, but a lot of the public do not really know what is happening. They see a flood on the news, and see that it is terrible and traumatic, but they do not know where to go to get the answers. We have all these strategic documents, which are very commendable, but it is getting action on the ground that is important.

[143] **Jonathan Morgan:** Mr Williams, did you wish to come in at this point?

[144] **Mr Williams:** I wanted to assist in explaining, as there is a lack of clarity, and we, as local authority officers, also probably have a lack of clarity in our minds. It may be that we are not playing our full part in understanding what is going on, and resources affect that. The New Approaches programme is good and we all support the direction, but it could progress a little more quickly. However, this is about focusing on tidal flooding and coastal erosion. Within tidal flooding, the EA has responsibilities for inundation and rising water, but local authorities have a responsibility in respect of coastal erosion, which is quite different in a way, as well as for tidal overtopping. Those are our concerns.

[145] A lot of good work is going on. I attend workshops, but I am not sure how people are chosen to attend and whether local authorities are represented. The Welsh Local Government Association may now have some of that understanding. At the end of the day, the focus on erosion issues is not as strong at the moment as that on flooding issues. The EA obviously has its own strong responsibilities for flooding, but does it have any for erosion? I wonder why the local authorities and the IDBs do not get together and help to lead on that particular issue. Does the Assembly Government lead on it, or is it a funding body in respect of coast protection?

[146] **Jonathan Morgan:** On coastal erosion, there is a suggestion in the new Bill that is currently before Parliament that the Environment Agency will take a greater role in respect of the approach to coastal erosion. We were seeking clarity on that with the Environment Agency this morning, because the auditor general, in his report, calls for one supervisory body to take responsibility for managing that particular challenge. Alun, did you want to pick up on one particular point?

[147] **Alun Davies:** Yes, thank you. The tone of what has been said this morning is very interesting. Mr Jackson-Johns, in your response you painted a picture that put great distance between Government, Government agencies, and yourself. I do not know whether that was your intention.

[148] **Mr Jackson-Johns:** No, that was not my intention. If it came across like that, I apologise.

[149] **Alun Davies:** You talk about your role and that of the Assembly Government in co-ordination and so on. Have you proactively sought to speak to the Assembly Government to discuss with it the role that you believe that you could play and the potential that your organisation has? It has been three years. Have you proactively sought a clear, wider role?

[150] **Mr Jackson-Johns:** Yes. We have worked very closely with Dr Peter Jones. For the record, we work very closely with the Environment Agency, so there are no issues regarding that. We gave a detailed paper to the Sustainability Committee last year, and only this week I submitted another paper to Mr Bates's committee on the role of internal drainage boards in relation to the Flood and Water Management Bill. I feel that the IDBs can do an awful lot more by working in conjunction with our local partners, namely the local authorities and with the Environment Agency. By becoming a team, more will be achieved. My concern is that we have these very commendable documents that set out these lovely targets and objectives, but we are not actually delivering on those on the ground.

[151] **Alun Davies:** So if you did present these ideas, what was the response from the Government?

[152] **Mr Jackson-Johns:** We had a very favourable response from Dr Peter Jones—he is the main person in this area. We have had nothing but support from Dr Peter Jones and I make that very clear. However, it is about taking these ideas forward and the IDBs taking on a further role as a resource that can be used, albeit in conjunction with our partners. That is important.

[153] **Alun Davies:** For the sake of clarity: you see this issue where you could play a far greater role and then you take that to Government and meet the relevant civil servant and say, 'We can do A, B and C' and he says, 'That is marvellous; you do A, B and C'. So, what has happened as a result of these favourable and positive meetings? What action has taken place?

[154] **Mr Jackson-Johns:** I do not want to dictate the whole conversation, but, in terms of drainage boards, we have expanded our role considerably. We provide administration services to the Powysland Internal Drainage Board based in Welshpool and the Lower Wye Internal Drainage Board. So we have played our part. We have expanded and co-ordinated and brought the IDBs together, but we need to go further than that. There are 11 IDBs in north Wales, which we talked about with colleagues in this area. Those are currently administered by the Environment Agency. Perhaps one or two IDBs in that area could be established to administer the high flood-risk areas. That could be taken forward. There could be new IDBs in other areas, where there is an identified flood risk. It is a very good mechanism that we have here. The advantage of the IDB is that it works with local authorities and with the Environment Agency and it represents the local community in terms of farming, business and community, and local authority interests. It is not a panacea, but it can be taken forward. Your point is right. We have these ideas, and they need to go forward in the Flood and Water Management Bill. That is quite right.

[155] **Mr Edwards:** I would like to make the point that there is a consensus of opinion on the New Approaches programme in terms of support. However, I am concerned about translating that programme into work on the ground. What you are hearing from my colleagues is that there are resources in local authorities and IDBs to translate the message on the ground. On the comments on the Environment Agency going into communities, this Friday, representatives from Conway are in Kinmel Bay and will be in Llandudno in two weeks' time. We are taking the message of coastal flooding to those communities.

[156] The original question was about risk-based methodology and one of my major concerns is that we cannot move anywhere until we establish what the risk is. We need to understand the risk. Conwy County Borough Council, within the next two weeks, will publish

on its website the Conwy tidal flood risk assessment. That is a detailed assessment of flooding within its coastal communities. People will be able to go online, type in their postcode and address and identify, under the criteria of TAN 15, the flooding from the coastline. Unless you understand the risk and unless you are able to map out that risk, we cannot move New Approaches forward. That needs to be done across the whole of Wales.

[157] **Mr Jackson-Johns:** My colleague is right. I come across people who live on the levels, and I can comment on the levels, because I work there. You tend to find that people in the old, established farming and rural communities understand that they live on a floodplain. There are large housing estates now on the levels. There is a 500-house estate in Celtic Horizon in Newport and most of those people do not realise that they live on a floodplain; they would certainly not understand the risk of a tidal flood. They might think that their garden will be flooded by a bit of surface water. That is not a reflection on the Environment Agency; educating the public is a very hard job. I know that massive amounts of money are spent. It is about getting the public per se to understand the flood risk. That is very difficult and is, I must admit, an unenviable task.

[158] **Jonathan Morgan:** Sandy, you have the next question on obstacles. Do you want to pursue that? We have already heard about one obstacle from Mr Edwards.

[159] **Sandy Mewies:** Yes, I was wondering what was left to ask about.

[160] **Jonathan Morgan:** The obstacle that Mr Edwards mentioned was assessing what the risk is before you move to a risk-based methodology.

[161] **Sandy Mewies:** You said that there was consensus on the New Approaches programme and that seems to be coming across, and you all mentioned some of the obstacles to developing a more risk-based approach to coastal erosion and tidal flooding. So, if you have any more examples, perhaps you would like to throw them in the pot now.

10.10 a.m.

[162] A supplementary question to that is: do you receive adequate support from the Welsh Assembly Government to overcome these obstacles and, if not, what could be done? I would like to make a point—it is no criticism of Geraint—that not everyone has a computer. I make this point again and again in committees. We all talk about websites and so on, but some of the most vulnerable people in our communities do not have access to those facilities.

[163] **Mr Edwards:** That is the reason why we are going out into the community—to capture those people.

[164] **Sandy Mewies:** It was not a point against you, because you are doing that, but some people think that websites are the be-all and end-all.

[165] **Jonathan Morgan:** In terms of the obstacles, Sandy has just asked about any further obstacles to having a risk-based approach. The auditor general is very clear that the current method of dealing with coastal erosion and tidal flooding is unsustainable, and that we are spending a lot of money defending, in essence, parts of Wales that may not be worth defending economically. That is a very hard message, and one that this committee must look at, not on emotional grounds, but on the grounds of where money is best spent and how we can ensure that we provide the best that we can with the money that will be spent in the future. If we are moving to a risk-based approach, which is what the New Approaches system is about, and is what the Environment Agency agrees with, what are the obstacles that we need to overcome, in addition to the one that Mr Edwards raised around whether or not we know what the risks actually are?

[166] **Mr Jackson-Johns:** The biggest risk is financial. Unfortunately, in this world, everything comes down to money, and you have to assess the cost-benefit of doing a scheme. I think everyone supports that; you cannot sustain and defend everything, but certain areas of the country have very valuable assets, whether they are cultural, heritage, economic, farming, land use or whatever. I do not want to go on about the Gwent levels again, but the strategy that applies is the same. You have to assess what you are protecting and how important it is to the economy and culture of Wales. With regard to the Gwent levels, people have been trying to advocate sea defence work since the early 1990s and the original Towyn flood. In all fairness, it is being reassessed by the Environment Agency, which is the right thing to do, via the Severn estuary flood risk management strategy. We have been trying to input into that strategy for a long time, as a key player looking after the Gwent levels. It is very hard sometimes to feed in to these documents and strategies.

[167] **Jonathan Morgan:** Mr Williams, do you want to add anything to that?

[168] **Mr Williams:** One of my concerns is that we seem to be scheme and funding based. We are talking about what we are going to do and doing less, but you have to address those people in areas where you do not do anything. In order to get to them, it is almost necessary to frighten them about the fact that it is going to get worse. That raises their awareness, but it is also being honest about the future. When I look at the New Approaches programme, it does not tell me anything. All it tells me is that we are going to do a lot of scientific work to get somewhere in order to raise awareness of flooding in Wales—according to the workshops I have been to—by 2023. That is a long way off. We are building schemes at the moment, such as the one in Borth, and we are telling people that they have to be mindful that this may be the last time that they will be protected. We are asking them what they are going to do differently and how they are going to mitigate their losses. How are they going to think about the ownership of their property in future? For the people who face a future of retreat at some point—and there are quite a few of those, I would imagine—the truth is quite important for them to mitigate their losses. It takes a big chunk out of the value of your property. One obstacle now is that, even in applying for schemes, CCW will ask, ‘What are you going to do at the end of this scheme and how will you retreat?’ and the response that it gets is, ‘Well, it is according to the New Approaches programme’. However, if you read the New Approaches programme, it cannot tell anyone anything until all this scientific work is finished. In a broad-brush way, we know what is going to happen. We do not know the detail and how we are going to mitigate, but we know that things have changed, and perhaps it is time to say that more clearly.

[169] **Sandy Mewies:** How would Mr Jackson-Johns like to be able to input into these strategies in a better way?

[170] **Mr Jackson-Johns:** We are willing to put in officer time and energy to attend the meetings. There is no point having meetings for meetings’ sake; they are expensive to hold and then it becomes a talking shop. However, where there is expertise in the local authorities and the IDBs, it can be given to the relevant people writing these documents. It is an offer to attend and help in any way possible in the interests of the communities that we serve. We are public servants at the end of the day. I am not trying to glorify it; we represent the public—it funds us and we should look after it.

[171] **Janet Ryder:** I would like to ask a supplementary question on the back of Sandy’s question. With regard to risk, you started to talk about a retreat policy. How much is the demand for more housing, which means looking at the implications of building on what has now been identified as flooding plain areas, especially along the coastal belt in north Wales, becoming an obstacle to implementing some of these strategies? You have talked about some of the obstacles to managing this flood-risk approach, and you have talked about notifying the

people who live on flood plains, but how much is the increasing demand to build in those areas now becoming a major obstacle to bringing forward a good strategy?

[172] **Mr Edwards:** In Conwy, the demand for housing exceeds availability, and that has always been the case, irrespective of flooding and its consequences. The planning guidance is clear where developments are concerned, and Conwy follows that guidance, and follows the Environment Agency as a statutory consultee of the planning process. Demand obviously increases the pressure on development. As for how it becomes an obstacle, I think that it only becomes one to the New Approaches programme if development is undertaken against advice or contrary to the planning guidance, because I think that the guidance is very clear.

[173] In TAN 15, moving away from the English model was a brave step for the Assembly Government to take in planning guidance at that time, and I think that that has paid off.

[174] **Janet Ryder:** Given your remarks about the fact that present solutions are being overtopped and that we are seeing problems occurring now, have you implemented any sustainable solutions? One suggested sustainable solution is to look at a policy of retreat, is it not? That is the ultimate sustainable solution. Have you implemented any other sustainable solutions, and have you noticed any incidental benefits from them?

[175] **Mr Jackson-Johns:** In the guidance that is available now, all new plans should be designed according to the three core principles of sustainability: the economic, the cultural, and the engineering. All new housing estate schemes—for want of a simple phrase—should be designed in accordance with those sustainability principles. That is your surface water disposal system, your storage ponds, or whatever you want to call it. The design should incorporate those approaches, and that is the guidance that is available now.

[176] **Janet Ryder:** Are you starting to see the benefits of that in the areas where you are implementing that?

[177] **Mr Jackson-Johns:** The biggest problem with SuDS is that of who will maintain the structures in the future, and we are engaged in that. It is all very well coming up with these lovely, grandiose schemes, but would that be the local authority, the interim drainage board, or the environment agency? These schemes are wonderful, and it is great to put them in, but they need containing to fulfil their functions. Is that answering your question?

[178] **Janet Ryder:** Does it apply to the coastal flood barriers? Is it sustainable to go on increasing them?

[179] **Mr Williams:** In terms of planning legislation and building new housing, there is a lot of good advice, such as the particularly good paper from the Institution of Civil Engineers on mitigating risk and designing to deal with flooding and so on. Planning only deals with the new, however, and many of the problems that are dealing with are those to which property and building regulations are not applicable, and they will never apply again because they will probably have been blighted by the fact that they are on the flood plain. It is always wonderful to look forward and put new laws in, but the time is coming when we need to change what is happening in existing properties, too, in some way.

[180] **Nick Ramsay:** On this issue of whether it is sustainable to carry on building up flood defences, would you agree that it is not, and that the problem is that our current defences have not been maintained to the extent that they would have in other European countries and we are therefore constantly playing catch-up?

[181] **Mr Jackson-Johns:** I think that that is right. If you take the Netherlands as an example, it has a 1:10,000 standard for its defences, while we try to get a 1:1,000 standard for

sea defences if we possibly can in this country. I appreciate that it comes down to money and what the public and the Government feel is important. In answer to your question: no, you cannot keep building ever bigger defences. That is not sustainable. Also, that has to be balanced against what you are protecting—the cultural aspect, the heritage, the farming, and so on. It is an equation that needs balancing. It is not just a case of thinking that protecting something will cost x millions of pounds. Does the benefit of spending that money protect vital infrastructure, such as the Severn Tunnel link under the Severn estuary, which, if it were lost, would mean the whole economy of south-east Wales grinding to a halt. So, it is about balancing all those requirements.

10.20 a.m.

[182] In some areas, we have to accept that if there is adequate compensation to landowners, leaseback schemes, or whatever, retreat is probably an option that has to be used. We all accept that—it is about having the right option for the right area, and you cannot do that until you have modelled it all and assessed the facts.

[183] **Michael German:** So far, what I have heard is that there is a powerful sense that everyone understands the strategy and the direction in which we are travelling, but there is a problem with delivering it on the ground. Local authorities have a big responsibility in this regard. You have all said that you think that you are under-resourced. In terms of delivery, can you identify which tasks are not currently being done which should be done, or is it a matter of reorganising the way in which local authorities currently organise themselves so that you can do those tasks?

[184] **Jonathan Morgan:** I think that we will direct that question to Geraint and Garfield.

[185] **Mr Jackson-Johns:** Yes, it is not really in my remit.

[186] **Mr Edwards:** In my experience, there is a large degree of collaboration in north Wales. We are currently undertaking monitoring work on behalf of Flintshire and Denbighshire. We are the lead authority in developing the shoreline management plan for Gwynedd and Anglesey, so there is collaboration between authorities along the coast. The coastal groups are a very important source of knowledge and understanding, so there is already that collaboration in north Wales among local authorities. On a project-by-project basis, those are generally developed within individual authorities.

[187] **Michael German:** I am asking if you have the resources. You all say that it is a matter of having resources to deliver this strategy. What resources are you short of, and, in particular, what tasks are not being done that should be done?

[188] **Mr Edwards:** Consultation is an area in which I acknowledge that Conwy has been weak in the past. We are addressing that. As I said, we will be going out in the next few weeks to communities and the major towns in Conwy which experience coastal flooding. An area that I have not seen covered and which we have not discussed is response, which is often forgotten. I was employed by Conwy's predecessor, regrettably during the time of the Towyn floods—we are coming up to the twentieth anniversary of those floods. As an engineer, it is not the building of the walls that I remember—it is the individuals and their responses after being flooded that I remember. These were people who lost everything. That is why I am particularly keen to understand those risks and to describe them to people. It is also why I am keen to ensure that a response is available when floods happen, not 'if' floods happen. Thinking of the way in which we deal with that in Conwy, we cannot set up a response team to wait for a flood, because that would be a waste of public money, would it not? We have other assets such as people who we divert from their day-to-day activities to those emergencies, to act as a response team. That is what we have done in Conwy to try to get to a

place where we can be prepared for flooding.

[189] **Mr Williams:** I think that we could address that through revenue funding. I notice in the paper that capital funding is the responsibility of Dr Peter Jones's section, but who is responsible for revenue funding? Do we regard that as authorities' responsibility, or is it something that comes through in the standard spending assessment? The future is about revenue; if we are to respond more, mitigate more and consult more, we will do that in places where we are not going to build schemes. Within the Assembly, does Dr Peter Jones have too much of a job in leading the New Approaches programme? Where are the spatial planning teams? How are they tying together? We meet with Peter Jones, but I do not see the side of the Assembly that deals with the other issues in the Assembly. We are there to cover our responsibilities, which include emergency response, civil contingency planning, and community strategy and engagement. We need to see that side of the Assembly coming to us as well.

[190] **Mr Jackson-Johns:** To follow from what Mr German said, I work very closely with quite a few local authorities, and there is a very scarce resource in terms of skilled engineers. Off the top of my head, I think that the national figures show that there is roughly a shortage of 2,000 land drainage engineers in the UK. That is a massive shortage of skilled professional people. If local authorities are given all these extra duties under the Flood and Water Management Bill—and I take my hat off to them—how on earth will local authorities deliver that expectation and that service? I know that Newport, Cardiff and Monmouth employ one or two land drainage engineers, and that is it. It is impossible to develop surface-water management plans. So, there is an acute shortage of funding, and that has been a part of our submission about the Bill.

[191] **Jonathan Morgan:** I want to bring in Alun Davies with a brief supplementary question on this point

[192] **Alun Davies:** Mr Williams, yr wyf yn credu taw cyfeirio at y Llywodraeth, nid y Cynulliad, yr oeddech yn eich sylwadau. Yn eich papur, yr ydych yn dweud os ydym yn parhau i wario'r un faint o arian, bydd yn llai effeithiol yn y dyfodol nag ydyw heddiw. Yr ydych yn dweud rhywbeth tebyg i hynny. Wrth wrando arnoch y bore yma, mae'n swnio fel pe baech yn dadlau nad oes pwrpas gwario llawer mwy o arian ac y byddai'n well i ni baratoi ar gyfer tynnu'n ôl yn hytrach na pharhau i wario mwy o arian ar greu amddiffynfeydd na fydd yn gweithio yn y dyfodol.

Alun Davies: Mr Williams, I believe that you were referring to the Government, not the Assembly in your comments. In your paper, you state that if we continue to spend the same amount of money, it will be less effective in the future than it is today. You state something similar, at least. Listening to you this morning, it sounds as though you are arguing that there is no purpose in spending much more money and that it would be better for us to prepare for retreat rather than continuing to spend a more money on building flood defences that will not work in the future.

[193] **Mr Williams:** Nid wyf yn siŵr.

Mr Williams: I am not sure.

[194] Part of our problem in facing the public is that there are people out there who believe that towns such as Aberaeron and Borth, after the next 100 years, will be defended in the same way as the Netherlands. I can say that that will not happen. It is not just because of money, but the environment and practicalities mean that that will not happen. As you ask questions, the answers that you will get from us will be different according to which schemes we are thinking of and what our responsibilities are. It may seem confusing, but with the Ceredigion problems, there are places where I genuinely think that the best thing I can do for the people is to tell them 'You've got 100 years to think about how you adjust', but I may not be able to say that. We need to raise that kind of awareness, because it is an impossible

situation in relation to some of our settlements in Ceredigion. In Borth, you are not talking about raising defences in the same way as you would in Holland. There is a shingle bank there, and, at some point, it will have to move back. That may be 50 or 100 years off, but the best thing that you can do for people is to make them aware of that so that they do not invest too much in their properties and be clear that funding responsibilities have changed.

[195] **Alun Davies:** Felly, yr ydych yn sôn **Alun Davies:** So, you are talking about a little more honesty.
am ychydig yn fwy o onestrwydd.

[196] **Mr Williams:** You can say ‘honesty’, but a scientific approach is underpinning what will come from the EA, which I applaud. However, can we wait for the end of that process before we say what will happen?

[197] **Michael German:** This goes back to the auditor general’s view that the Government’s view is that it should wait to consult with the people until all these coastal management plans, the toolbox, and so on, are in place. However, can we afford to wait?

[198] **Mr Williams:** I would agree with that point on river flooding, non-main river flooding and tidal inundation, but, at the moment, I am applying for planning permission for schemes and facing consultative bodies that are saying ‘You’re not telling us what you’re going to do. You’re not telling us how you’re going to move back. You’re not telling us how the materials you intend to use will be capable of being moved back, so why should we allow planning permission?’. CCW has a strong view on that, which is that it needs to know, in some way, where the New Approaches programme is going. It may be enough for the Government to say that it is contemplating retreat and will not be continuing defence, because it goes against the environmental situation in those places, in any case.

[199] **Nick Ramsay:** On the New Approaches programme, is the Welsh Government adequately monitoring its implementation and the implications of its implementation?

[200] **Mr Williams:** To be honest, I do not know which part of the Assembly Government is or should be monitoring—

[201] **Jonathan Morgan:** Are there requirements in the New Approaches programme under which you must report back to the Assembly Government on certain aspects of it, or are monitoring requirements placed on you by the Government?

[202] **Mr Williams:** I am waiting for it to implement it, so I am not expecting it to monitor me; I would expect it to be monitoring what it is doing at the moment.

10.30 a.m.

[203] **Jonathan Morgan:** That is fair enough.

[204] **Nick Ramsay:** I think that this is—*[Inaudible.]*

[205] **Jonathan Morgan:** We will put that to the accounting officer as well when he comes here in two weeks’ time.

[206] **Mr Edwards:** It is right for the Assembly to monitor the programme in its current state. It is a programme of aims. Some have cruelly described it as motherhood and apple pie. There is a lack of substance, and substance needs to be developed in order to monitor it; you cannot monitor what you have at this stage.

[207] **Jonathan Morgan:** The auditor general says in his report that local authorities will

have the main role in implementing the New Approaches programme at a local level, particularly for community engagement. Is there no work being done at all by the Assembly Government that you are aware of in assessing whether or not you are implementing that bit of the New Approaches programme?

[208] **Mr Williams:** I believe that there is a workshop to develop that on 3 March, which Dr Peter Jones is arranging, facilitated by Mr John Mosedale. I do not think that we are far enough ahead to monitor it at the moment.

[209] **Mr Edwards:** We are being proactive in advising the Welsh Assembly Government of the consultation activities that we are currently undertaking.

[210] **Mr Jackson-Johns:** There is obviously a clear co-ordinating role for the Welsh Assembly Government. Also, it is important to identify the key stakeholders within the New Approaches programme. For instance, the internal drainage boards were not even identified as key stakeholders in the New Approaches programme. It needs clear direction from the Assembly, and that needs to filter down to the Environment Agency, the local authorities and the key stakeholders.

[211] **Alun Davies:** Rhaid imi ddweud fy mod yn synnu os yw awdurdodau lleol yn rhan bwysig o weithredu'r rhaglen hon. Yr unig waith yr ydym wedi'i weld yw seminar yn cael ei drefnu dair blynedd wedi i'r rhaglen ddechrau. Mae hynny'n rhywbeth y dylem ei ystyried. A yw'r awdurdodau lleol a gynrychiolir yma heddiw yn casglu gwybodaeth ynglŷn ag effaith economaidd hyn i gyd? Yr ydym wedi sôn am y costau ariannol yn hyn o beth, ond a ydych yn teimlo bod angen casglu gwybodaeth a'i rhannu rhyngoch chi a'r Llywodraeth?

Alun Davies: I must say that I am surprised if local authorities are an important part of implementing this programme. The only action that we have seen is a seminar organised three years after the programme started. That is something that we should consider. Do the local authorities that are represented here today gather information regarding the economic impact of all of this? We have already mentioned the financial costs of this, but do you feel that information needs to be gathered and shared between you and the Government?

[212] **Mr Williams:** Ydym.

Mr Williams: We do.

[213] We see that as necessary but I am not sure what the Government's role in that is. We respond to Government when it asks for information. There were also high-level targets to be reported upon, but I am not sure whether those are continuing.

[214] **Alun Davies:** Clywsom gan Mr Mills yn y sesiwn flaenorol bod angen mwy o gydlynw o du'r Llywodraeth. Wrth wrando arnoch chi, mae'n ymddangos nad ydych yn gweld llawer o arweinyddiaeth yn dod o du'r Llywodraeth.

Alun Davies: We heard from Mr Mills in the earlier session that greater co-ordination from Government is needed. In listening to your responses, it seems that you do not see much leadership coming from the Government.

[215] **Mr Williams:** Efallai bod hynny'n wir, ac efallai y dylem ni arwain yn gryfach. Mae'n amlwg y gellid gwneud rhywbeth yn gryfach yn hyn o beth. Mae'n digwydd yn gryf ar yr afonydd, a chydag Asiantaeth yr Amgylchedd, ond efallai nad yw cyn gryfed o ran erydu arfordirol.

Mr Williams: Perhaps that is the case, and perhaps we should be showing more leadership. It is clear that something could be done better on this particular issue. It works well on the rivers, and with the Environment Agency, but perhaps it is not as good on coastal erosion.

[216] There is much engagement. I do not wish to give the wrong impression. We work

with the Environment Agency in Borth; we have had joint public meetings; and we work with Peter Jones. We get an incredible response and we work easily together. However, a little more needs to be done here.

[217] **Alun Davies:** Beth yw'r tipyn bach **Alun Davies:** What is that little more? yna?

[218] **Mr Williams:** Byddai'n dda cael **Mr Williams:** Someone to tell us what to do. rhywun yn dweud wrthym beth i'w wneud.

[219] **Jonathan Morgan:** Before I call on Lorraine Barrett, would Mr Edwards like to answer the point?

[220] **Mr Edwards:** From the Conwy County Borough Council perspective, there is very close engagement between Conwy and Peter Jones, in particular. There is a potential difficulty. We are looking over the border to the English model with the Environment Agency. If we are going to look at the English model, we need to look carefully at the pros and cons of that model. I am vice-chairman of the Liverpool Bay Coastal Group, so I have intimate knowledge of my colleagues in England. It is not always a bed of roses. You need to take care that you look at both sides of the coin when you look at adopting the English model, because one of the problems that comes into being, when you create additional layers of management, is that there is a greater potential for messages to be misunderstood.

[221] **Jonathan Morgan:** Alun, before you pursue that, I would like to go back to a point that you raised about shared information. Does Conwy County Borough Council share information with other authorities, and likewise, receive information from other authorities?

[222] **Mr Edwards:** There is full sharing of information among the coastal groups. For our sins in Conwy, our geographical boundary splits two coastal groups, so I am the chair of the Ynys Enlli coastal group and the vice-chair of the Liverpool Bay coastal group. I can therefore see the differences between working in Wales and working with England. There is a great deal of sharing of information within those coastal groups but if I have one worry, it is that one missing ingredient might be an understanding of shared information.

[223] **Alun Davies:** The tone of your previous reply suggests that the Environment Agency seems to have picked up this model that is used in England and plonked it into Wales, and is trying to make it work without coming up with a solution that would be more appropriate to our needs. Is that a fair summation of the point that you are making?

[224] **Mr Edwards:** The point that I am making is that, before you adopt an English model, you should consider the difference in the size of the two nations and the contribution of their local authorities. There is already collaboration within authorities—very strong collaboration—and you are in danger of throwing the baby out with the bath water. We are just adopting a model. I have concerns about information issues. The national flood and coastal defence database—how much is being spent on that? How long has been in development? What is happening to it now? That would be an excellent way of transferring and sharing information. As for local authorities, I can only speak for Conwy, but I am frustrated that we have to develop our own models, and our own databases, because we cannot get access to a national, UK database. We keep being promised a resolution, but it is not in my gift, or in the Assembly Government's gift. If you want to take control—and it is not for me to suggest this—but if flooding is an important issue, then perhaps we need to make decisions in the right places, and not have our decisions taken for us elsewhere.

[225] **Lorraine Barrett:** My question has probably been covered. Mr Williams has talked about the messages that are getting through, or not getting through, to people, and the

awareness of the potential loss of land and property, and those communities that are having to retreat from the sea. I do not know whether Mr Edwards has anything to add about that. You said that you have a community meeting coming up; do you feel that there are still messages that you need to get through, although obviously you will never reach everyone? I just wonder if you could say something about that.

[226] **Mr Edwards:** My concern is that local knowledge is often lost. If you take the Tywyn flood, memories have faded 20 years on, and the greater the gap between these episodes, the more memories fade, and people will believe that they are not at flood risk in those communities. Strong community leadership would mean that we clearly describe those risks to people. But there is a piece of work that people have to do before they go out into their communities to describe the risk: they need to understand the risk first.

[227] **Lorraine Barrett:** I do not know whether Mr Williams has anything to add.

[228] **Mr Williams:** The other element of that is—and I do not know how this works around Wales—but in Ceredigion, because of the way that revenue and capital funding works, the memory of authorities fades as well as that of the public. That is because the number of staff you have on coastal protection depends on how many schemes you get, because you justify it out of that capital spending. What I have seen in Ceredigion, having started there in 1982, was, at first, a rush of coastal protection schemes, so that we seemed to be developing expertise, but then there was 20 years of nothing, and then you get an incident and the cycle starts again. What happens in that gap is that you lose the continuity of expertise. Local authorities and other agencies in Wales seem to be good at working together; if they do so, it could provide more continuity. I do not mean taking responsibility away from authorities, but perhaps providing a lead who advises all authorities, and eyes and ears elsewhere. That would stop coastal protection expertise being so lumpy, depending on where the schemes are coming from.

[229] **Mr Jackson-Johns:** I would just like to add a couple of comments. We have talked about tidal inundation, overtopping and flooding, but please do not forget that we have a substantial sea defence, so you must also consider the risk of fluvial or surface-water flooding behind those defences.

10.40 a.m.

[230] We talk about the sea coming over, which is traumatic and terrible, but surface-water flooding and run-off can be very traumatic. Most of the recent floods have been caused by surface-water flooding and a failure of those systems. So, the maintenance of those systems is just as important as having a sea or river defence.

[231] **Jeff Cuthbert:** The question allocated to me has been addressed during the course of earlier questioning and supplementaries. However, I will ask it, just in case you wish to add anything else. The question is about the support and leadership from the Welsh Assembly Government. Is there anything more that you feel could be done to help you in taking difficult decisions and communicating with communities on the ground? May I also ask, with your permission, another question on the issue that you raised about the shortage of skilled engineers? While it is not your direct responsibility, you may have an involvement, therefore what is being done about that, and by whom?

[232] **Mr Jackson-Johns:** There is a current scheme, which is promoted, in fairness, by the Environment Agency, and supported by the Association of Drainage Authorities. There are some apprenticeships within that scheme, with the University of East Anglia, I believe, where there is a course on land drainage and flood defence. That course has 24 places, which is a drop in the ocean to what is needed in this country. Flood risk, from whatever source, will

become a major issue in the next 20 to 30 years, and there will be greater flooding events. More resources need to go towards providing engineers, because, if you do not have the engineers to start off with, they will not filter through. I am in my mid forties; I know that very few young people are coming into the industry, and the ones who are coming in are not necessarily going into public service—they are going directly into the private sector or are poached—and I say this with no disrespect—from the Environment Agency into the private sector. The agency has a very comprehensive training programme, which is a credit to it, but once these people are trained many people go from the public service—and I know that the situation is the same in local authorities—into private practice. I have seen it many times, because I am old school and have happily been in the industry for over 20 years. There is nothing wrong with that, but you are losing that core base. You need to encourage people to go into engineering and to stay in the public sector. I am not advocating more pay; I am just trying to say that they need to be advocated to stay within the industry. Does that help with your question?

[233] **Jeff Cuthbert:** Yes, it certainly does. So, whether they are in the public sector or the private sector, as long as they are contributing and working together to deliver the schemes, then that is the way forward. I am pleased to hear that something is happening, but, clearly, it is still an issue.

[234] **Mr Jackson-Johns:** It is hard to get people to go into engineering; it is not glamorous, but it is fundamental to this country.

[235] **Jonathan Morgan:** The final question is from Janet Ryder.

[236] **Janet Ryder:** Mr Edwards, can you define for me what you think the changes will be subsequent to the Flood and Water Management Bill going through Westminster, which will change, fundamentally how we manage this issue? What is your understanding of the outcome of that Bill?

[237] **Mr Edwards:** As far as local government is concerned, it is clear that there will be an increase in community involvement, response and planning, and the production of risk maps, which are some of the things that we, in Conwy, are already doing. So, we have taken our first step on the ladder—not because we had a crystal ball, but we did it for other reasons. I am pleased that these things are in the Bill, but we have already set ourselves up to do much of that.

[238] **Janet Ryder:** In one of your earlier answers, you raised concerns about following the model that has been put forward for England. The Bill does not do that for Wales; the Bill puts those powers in the hands of the Minister. Has anything been indicated to you that it will be a cut-and-paste job and a case of ‘for Wales: see England’?

[239] **Mr Edwards:** No-one has intimated that it is a cut-and-paste job, but it is an option that is described within the report.

[240] **Janet Ryder:** One thing that the auditor general put forward in this report is that the one body that would have an overview of the whole coastal issue, and all the issues to do with that, would, in his view, be beneficial. You have raised concerns about that, therefore, would you like to elaborate on that?

[241] **Mr Edwards:** My concern is that flooding should not be taken out of context. What is being flooded? In Conwy, there are potential consequences for major national infrastructure, such as the A55 and the London to Holyhead railway, but generally it is the flooding of communities. You cannot take flooding away and not consider its impact on communities, regeneration and the economics of an area. It is very dangerous to analyse

flooding in a box and I think that there is a possibility that you will do that if you separate it. I am sure that there will be safeguards in whatever measures are brought forward to protect from that. There is, however, a note of caution. There is a worry that if flooding is just looked at in isolation, you will miss the answers that lie within sustainability itself.

[242] **Janet Ryder:** Correct me if I am wrong, but it would not be just flooding, but flooding and risk management as well. It would give us an overview of Wales. It might take in some of the issues that Mr Williams has raised about different areas needing different responses and solutions, but it would give a Wales-wide view. Would there be any benefits to local authorities having that Wales-wide vision, or should the thrust still be much more through the local authorities? Local authorities will still have to deliver, but do they need to come up with their own local solutions?

[243] **Mr Edwards:** This comes back to a series of discussions that I have had with Dr Peter Jones. The data that we collect in Conwy are used for different purposes locally and nationally, but they can be the same data. The information that is collected can be used to take a national perspective. As a nation, we need to know different things from what needs to be known locally. Nationally, we do not need to know that that element of the sea defence is going to fall down in five years' time causing 20 properties to flood, but we do need to know what the cumulative effect of all that will be. We need to know the state of the nation's defences, so that you can establish the appropriate total purse. I would not say that it is the resource that is the obstacle, but understanding how much of it is required. It is a chicken-and-egg situation. We have to consider the risk, what we are prepared to risk, and what resources are available, and you have to decide on the budget, so it is a question of balance. When we have our budget settlement in Conwy, I fight for flood and coastal protection, but we are also responsible for waste, which is a huge issue at the moment, and that will be overtaken by flooding as an issue in Conwy. The need for resources for flood and coastal protection has to be balanced against a variety of other issues. The detail of the information has to be collected and, although it needs to be summarised before being sent up the chain, the same information has to be used in a different way.

[244] **Mr Jackson-Johns:** A lot of responsibilities are being put on the local authorities by the Flood and Water Management Bill. They are to be the lead flood risk authority when responding to events and they are to prepare surface water management plans. That is a huge responsibility to undertake. Clear guidance from the Assembly Government is needed to set out the objectives. Local authorities deliver on the ground, working with their key stakeholders and partners, which are the Environment Agency and the internal drainage boards. Unfortunately, that work has to be resourced because, as we said, it takes time and money to do that. I understand that, essentially, there is no extra money available under the Bill to fund those changes, so it is all to be funded by internal economies. I will speak for Cardiff, Newport and Monmouth, very quickly. How on earth are they going to prepare a surface water management plan, when they have only two officers working for them? They have already asked me whether they can do it, but that is not the point. The fact is that it is a national issue. If they are to have these huge responsibilities, as a result of the Pitt report, as category 1 responders, and under the Civil Contingencies Act 2004, resources must be provided for local authority officers to deliver. It is a major issue at the moment.

[245] **Jonathan Morgan:** Incidentally, I have asked for a legal note from the lawyers on the implications of the Bill for Wales. We can make use of that when we question the accounting officer, who will be coming to give evidence in two weeks' time.

[246] Thank you for your attendance this morning. You have been extremely helpful.

10.50 a.m.

**Datblygu Cynaliadwy a Gwneud Penderfyniadau Busnes yn Llywodraeth
Cynulliad Cymru—Briff gan Archwilydd Cyffredinol Cymru
Sustainable Development and Business Decision Making in the Welsh Assembly
Government—Briefing from the Auditor General for Wales**

[247] **Jonathan Morgan:** We will move to the next item on the agenda. I welcome Alan Morris and Michael Palmer from the Wales Audit Office. They are here in support of the Auditor General for Wales to talk about his report, ‘Sustainable development and business decision making in the Welsh Assembly Government’. In his absence, I understand that Alan will be presenting the report, supported by Michael. Have I got that the right way around? Yes, I have. It is very good to see you both this morning. I will ask you to introduce the report and take us through the main points, and Members will then ask questions and we can decide how to proceed from there.

[248] **Mr Morris:** Thank you, Chair. I was the partner responsible for the delivery of this report and Mike was the project manager. I will just make a few opening comments about the context of the report, and Mike will then take you through a few of the key messages in a bit more detail. I will emphasise a couple of points first of all. This report is as much about the Assembly Government’s business decision-making processes as it is about sustainable development, and that will come through in the detail. Another key point that we emphasise in the report is the importance of a clear understanding of what sustainable development is. That is not easy; it is a complex field. The definition that we use is the one from the Brundtland commission, which has been around for quite a few years:

[249] ‘development that meets the needs of the present without compromising the ability of future generations to meet their own needs’.

[250] So, that is the context, and that emphasises the importance of a balanced and integrated approach to social, economic and environmental issues. A key part of this whole sustainable development field is saying that it is not just about the environment; it is about the balance of social, economic and environmental issues.

[251] Our study is as much about governance and accountability as it is about sustainable development in its own right. We took as the starting point the Welsh Assembly Government’s statutory duty to make a scheme, setting out how it proposed to promote sustainable development in all its functions. It has produced a number of schemes, the latest of which was published last year: ‘One Wales: One Planet’. We looked at the range of policies, processes and tools that the Assembly Government has used to support its ambition of promoting a sustainable Wales. We found that a lot has been achieved, generally, but there is much to be done, particularly in how sustainable development is delivered through processes such as business decision making. I will hand you over to Mike now, and he will take you through a bit more detail on the key messages and recommendations from our report.

[252] **Mr Palmer:** Thank you, Alan, and thank you, Chair. In part 1 of the report, we seek to provide an assurance that the Assembly Government has complied with its statutory duty, and we give examples of some of the initiatives that the Assembly Government has pursued, which are intended to promote sustainable development. Those initiatives have been either directly implemented by the Assembly Government or sponsored by it.

[253] In part 2, we go on to try to provide some insight into why the Assembly Government’s business processes have impaired its efforts to embed sustainable development effectively in its decision making.

[254] Part 3 goes on to comment on the importance of leadership in this field, and it states

that sustainable development has been viewed as one of a number of competing priorities rather than as the means for managing those competing priorities. We recommend that, at a high level—and I will go into more detail later—the Assembly Government focus on challenging existing ways of doing business in the key areas of legislation, policy and strategy, and spending taxpayers' money. That is what governance is about: about focusing on the essentials. We recommend that what Government looks like when sustainable development is the central organising principle be clearly demonstrated, and that the Assembly Government adopt an approach to business planning and performance management that focuses on results. So, those are the high-level recommendations. There is more detail in the report.

[255] Before talking in a bit more detail about some of our findings and conclusions, it is worth noting a couple of important features of how we undertook the work. As Alan mentioned, this is a complex area. Government is complex and, once you overlay sustainable development, you are talking about real complexity. We felt that it was important to make sure that we got under the skin of this properly, which took some time. We were aware, while we were doing that, that the Assembly Government was working on its new scheme, and we were keen to help with that process as well. So, as we undertook the work, we fed back our emerging findings and conclusions so that the Assembly Government could take account and make use of our work as we were going on, particularly for 'One Wales: One Planet'.

[256] The other notable feature is the degree of staff engagement and the importance of their input into this study. We undertook a staff survey, and we ran a series of focus groups in north-west and south Wales, which about 140 members of staff attended. The combination of the survey and the output from the focus groups provided us with valuable insights into, and pointers for, improvement.

[257] Looking at part 1 in a bit more detail, a key finding is that the Assembly Government has put in place a scheme intended to support sustainable development, supported by a range of tools, approaches, projects and activities. We note that the Assembly Government has recognised that procurement is a key vehicle for embedding sustainable development in decision making. One thing that Government does is spend money, so that is clearly an important area. We also refer to the work of Value Wales in this regard, and give some examples.

[258] The Assembly Government has also worked with an organisation called Forum for the Future to develop a policy integration tool, among other things, aimed at ensuring that policy making fulfils its commitment to sustainable development. The Assembly Government is also one of only a few national or regional administrations to have adopted the ecological footprint as an important tool in this area. During the last 10 years, the Assembly Government has sponsored a wide range of projects and activities, such as the Wales for Africa programme, 'Appetite for Life', and a range of others, as mentioned in the report.

[259] Moving on to part 2, a key conclusion is that limitations in the Assembly Government's business processes have impaired the effectiveness of embedding sustainable development in its decision making. We have put forward a number of findings in support of that. Sustainable development is not driving resource allocation, and it is not integrated into all financial and business planning processes. The Assembly Government has not ensured that all its grant giving, for instance, underpins its vision for a sustainable Wales. Given that a key thing that Government does is spend money, it is imperative that key spending decisions support its ambition for a sustainable Wales.

[260] We highlight two factors in the report that have undermined the effectiveness of the Assembly Government's ability to embed sustainable development in policy and project appraisal. The first is the lack of an agreed understanding of what embedding sustainable

development means for Government and what it means for it to be a central organising principle for Government. The second relates to challenging fundamentally how existing business is done. We note that there is a lack of an organisational culture that promotes robust challenge and that focuses on results.

[261] Moving on, another finding that we note, which is quite important in pursuing further the idea of challenge, is that, although annual reports have been published on the work of the scheme over the past 10 years, they have not been scrutinised by the Assembly's subject committees. They have been presented to Plenary but have not been subjected to scrutiny. We mention in the report that there were plans to address that at one point in time, but they were not followed through.

[262] The Assembly Government's approach to business planning has not helped it to mainstream SD and to build it into some of its key decisions. One reason for that is that the approach of the Assembly Government to business planning has tended to build on existing ways of doing business rather than challenging them and looking at alternatives. The Assembly Government stated that it would establish key tests to measure its progress in the mainstreaming of SD and building it into its key decisions, but that has not yet been done. In addition, its performance management systems do not help it to track progress in that regard.

[263] Picking up that theme of performance management, if you have set yourself a goal, how do you know how well you are doing and whether you are reaching it? An issue that we found in this regard in relation to sustainable development was that performance management tended to be interpreted quite narrowly as performance measurement and that approach did not lend itself well to tackling this area.

11.00 a.m.

[264] Clearly, there is a mixed picture in the private sector, but if you look at best practice in the private sector, performance management has played an important part, and human resource management has played an important part, in embedding an awareness of sustainable development. When we had discussions with Assembly staff on this matter, there was some reluctance to use the performance management system because it was seen to put an emphasis on compliance rather than the changing of hearts and minds that it was felt was needed in this matter. Equalities was cited as an example of an outcome that they did not want because they felt that it had resulted in a tick-box approach at times.

[265] Moving on to part 3, our main conclusion in this respect was that sustainable development was seen as one of a number of competing priorities rather than as the means of managing, reconciling or identifying conflicts within competing priorities.

[266] We note that the Assembly Government has adopted sustainable development as a central organising principle in its latest scheme, 'One Wales: One Planet: A New Sustainable Development Scheme for Wales'. However, we also note that for most of the previous decade, management has not used sustainable development to drive cultural change nor identified it as the process for integrating and managing Assembly Government's duties and priorities. We found that Assembly Government policy development decision making tends to treat sustainable development as one in a lengthening list of cross-cutting issues.

[267] Our focus group and staff survey findings identified a real appetite among many staff to do much more. However, it also identified that there was much more to be done in terms of staff engagement and motivation in this respect. An example of this is that, in 2004, the Assembly Government undertook to include sustainable development in the annual staff survey, but, up until March 2008, that had still not been fulfilled.

[268] Until recently, the Assembly Government had not expressed clearly and consistently what sustainable development means for Government in Wales. That was identified by staff as one of the key barriers to embedding it effectively in decision making.

[269] An organisation called Sustainability at Work, which has produced some very good material in this area, notes that:

[270] ‘Strong governance and accountability are central to the effective implementation of sustainable development.... Good governance...implies increased transparency of decision making, involving greater stakeholder engagement in order to achieve the real integration of social, economic and environmental considerations.’

[271] The important word there is ‘integration’. As Alan said earlier, we need to be very disciplined in our use of language and how we discuss this to try to avoid the impression that it is about the environment and only about green issues. We have had a recent experience of that in that some of the press coverage of this report illustrated that very graphically. We spent some time and effort to try to ensure that the press release reflected the main message of the report but it was then translated into ‘environment’ by the Press Association. That is probably a lesson for us as well.

[272] However, that reinforces the importance of that and the fact that it is about integration and not about balancing or, even worse, hopping from one to the other; it is about seeking to integrate these three strands and identifying where the conflicts are and trying to deal with them.

[273] The other point that we make in this section is that the need to focus Government resources on bringing about positive change in the wellbeing of individuals and communities is ever more pressing. That need to focus and the need for robust decision making to enable that focus to happen is ever more pressing, given the twin challenges of the spending restraints and also climate change. In that regard, we have noted a report by the Stockholm Environment Institute that stated:

[274] ‘If Wales successfully implements all planned policies for food, housing and transport it may have done enough to stabilise its footprint by 2020.’

[275] That is interesting, but when you put that side by side with some of our other findings, that the implementation of the two previous sustainable development schemes has lacked a consistent approach and, in many cases, has been slow, that is clearly a cause for concern.

[276] Much of the Assembly Government’s activity to date on developing tools and procedures, which has often been very positive and, quite often, innovative work, has not been able to fulfil its potential due to a lack of clarity of purpose in how it is used and capitalised upon.

[277] Since the inception of the Assembly, the statutory duty has, in many cases, been held up as one of the crown jewels of the Assembly and, in a sense, has perhaps dazzled us all a bit too much in that role as a crown jewel. A member of staff in one of our groups highlighted this by saying that just having the statutory duty will not change the world, which is a timely reminder that legislation is what it is; it either enables or it is a safety net. It has limitations and it is a starting point. Perhaps, over the last decade, too much emphasis has been placed on the statutory duty rather than on some of the other areas that we have been referring to. Unfortunately, in some cases, that has translated into a sort of focus on compliance, rather than active management and organisational change.

[278] However, the new sustainable development scheme, ‘One Wales: One Planet’, recognises the move from passive compliance to active management, particularly of these conflicts that arise from the competing priorities. Its commitment to make sustainable development the central organising principle provides a good springboard for the next three years. However, the report notes that, while we have the springboard, a number of the key steps that are needed to reach that springboard are currently missing. At a high level, I will just point to some of them: the recognition that Assembly staff at all levels need to see themselves, and be seen, as agents for change; business planning and financial planning needs to be integrated; performance management needs to be focused on securing change for the better rather than processes and procedures; and the characteristics of a Government that has sustainable development principles embedded within it need to be agreed and communicated clearly.

[279] I will conclude with part of a quotation that we included at the end of the report:

[280] ‘Perhaps at the heart of the problem is the fact that sustainable development continues to be thought of as “an issue”’

[281] rather than a solution.

[282] **Jonathan Morgan:** Thank you, Michael, that was very helpful. I will start with a very quick question. I noticed in paragraph 2.25, to which you referred, that there was an issue in that we have an organisational culture that does not promote and support robust challenge and focus on results. You said that, over the past 10 years, the culture that should have existed has not. One thing that I see, through this report, through the work that we have done on other reports of the Audit Office, notably the Communities First report, and through the comments that I have had from the Permanent Secretary around organisational change, particularly at the top level, is that there is more fluidity in directors general talking to each other, co-ordinating their work, and in being part of a wider programme and not just working in silos. Do you think that the organisational culture now has the ability to change at a faster rate because of the attitude of the current Permanent Secretary, compared to the attitude—I suspect—of the previous Permanent Secretary?

[283] **Mr Palmer:** Later in the report, I think, we highlight some of the changes that have been implemented more recently, particularly those that you have referred to, and some others. I used the springboard analogy for the new scheme. What you could say is that they are indications that some of the key steps are being put in place. In that sense, they are helpful, because we have fewer gaps in the rungs, as it were, up to the springboard.

11.10 a.m.

[284] For those important changes to fulfil their potential, some of the messages in this report still need to be taken forward in organisational cultural change and with regard to the some of the specifics to do with decision making and how you establish a robust and fit-for-purpose approach to decision making given the challenges of the twenty-first century.

[285] **Sandy Mewies:** Thank you, all, for this comprehensive and clear report. It certainly made me stop and think. One of the first things that I thought about was that when people talk about sustainable development, many of them, although not all, think first about green issues. This report has made it extremely clear that sustainable development is not embedded in everything that the Assembly does, when it is producing policies, projects, ideas, and strategies. They are not future-proofed. You can proof reports for child poverty, for example—you can always take it in as an issue—but sustainability does not seem to form the bedrock of the work of all departments, and that point is highlighted by the percentage of staff

who did not seem to understand these principles. How could that be improved, because it seems to be a problem at every level? Is it a training issue, and how long will it take? Do you have any ideas on that for yourself?

[286] I noticed that you talk about the policy gateway integration tool and the other tools that are available not being used. The challenge that is supposed to be made is just not happening in every case. How do you think that that can be cascaded so that it becomes a matter-of-fact thing to do? You mentioned staff understanding, and I will add Assembly Members, by the way, because, speaking for myself, when I think of sustainable development, very often, the first thing to enter my head is 'green issues' and not, 'Excuse me, what we ought to be doing is looking at this'. In business planning, you can build it in, because you can see that things have to be sustainable: if we are going to give them money, they have to be sustainable for the future. There are a lot of areas, however, where that is not being done. When you were talking to people, did you come up with any ideas for how this could be embedded, and is it a short, medium, or long-term development plan?

[287] **Mr Palmer:** Perhaps the first thing that I should say is that we tried very hard with this piece of work and with the report to be realistic and to accept the fact that it is not easy. To begin with, Government is not easy; it is complicated. When you overlay it with this, it becomes a complex issue. We have tried to recognise that reality in the work. However, there are examples in the private sector and in the public sector of ways of tackling the issue. There are examples in the Assembly of successful initiatives to tackle it. We mention in the report that we have identified significant pockets of expertise within the organisation, but that there is difficulty in spreading it throughout the organisation.

[288] In terms of tackling it practically, you asked about the short, the medium and long term. That is the way to look at it. With any issue like this, you want to try to identify some quick wins, but you need to keep an eye on the long-term goals, too. An example of a quick win in my view is that, had the Assembly Government implemented its commitments to include sustainable development in the annual staff survey, I am not saying that it would have done it, but it would at least have opened up the opportunity to gather some of the information that we were able to garner from our discussions with staff, and start to build that in to assess what it is telling us about our performance management systems, our people management and how we need to change it. That is one of the key areas.

[289] Some good work has been done on this in the private sector, where businesses have to keep an eye on the bottom line. There are good examples of where businesses have seen that they need to take a more holistic approach to the way that they manage their business, and how they keep people's focus on the bottom line while also taking account of other important issues. There are good examples of how they have built these considerations into their performance management systems and the way in which they manage their people. So, how you change the approach to performance management is clearly a medium-term target.

[290] In our initial discussions with Assembly staff, there was some reluctance to go down that line because of the way that performance management is framed and undertaken at the moment. It was seen as something very mechanistic that would almost damage progress on sustainable development, rather than promote it. For us, that is an argument for looking again at your performance management system, rather than not embedding sustainable development in it.

[291] Those are a couple of examples. At a high level, it is important that the Assembly Government thinks very hard about what a Government with sustainable development as an organising principle looks like, what it should look like in five years time, and the key characteristics that you would be looking for in that regard. In a sense, I am reminded of Winston Churchill and the battle of Britain, when he said 'Gentlemen, we don't have any

money, so we've got to think'. Sometimes, in the rush to try to do something, we do not spend enough time doing that.

[292] There are some other pointers in the report, but unless you would like to have any more details, I will not go on.

[293] **Alun Davies:** I do not feel entirely comfortable with this whole concept that the Government is very complex. I think that we sometimes make Government more complex than it needs to be, and part of the role of the Assembly and the Wales Audit Office should be to make Government less complex, and put the emphasis on outcomes for people rather than the processes of Government. Sometimes, we fall into this almost institutionalised lethargy whereby everything is difficult and complex, so what is the point of trying? I sometimes see this in public bodies like the audit office, where the emphasis is on process, and I feel somewhat uncomfortable with that. At the end of the day, we need to focus on the services that the citizen is provided with. The purpose of Government must be to deliver, rather than simply to govern, and we sometimes make things far more difficult than we need to.

[294] You were more generous to the Government than we were in the Sustainability Committee in our report on this subject. I am not entirely sure after listening to you and looking through your report why you are more generous to the Government. For six months, the Sustainability Committee interviewed different Ministers and senior officials on how the Government was delivering on its sustainable development duties. It was one of the most shocking inquiries that I have sat on in this place. Ministers came before us feeling absolutely bewildered that we were asking them about sustainable development, and most departments failed to answer relatively simple questions easily. Health and rural affairs stood out, but it was difficult to know whether any other Government department paid anything except lip service to sustainable development. Ministers certainly did not regard it as a critical priority. I thought that the Minister for environment was hugely impressive in what she said to the committee and what she said in Plenary last week. The idea that sustainable development is carried through all Government departments is risible, quite frankly—it does not exist. You have understood the policy gateway integration tool more than we did.

11.20 a.m.

[295] **Alun Davies:** We failed to get any clear answers from Government on how it was used to design policy. The Finance Committee, in another report, came to a similar conclusion on other matters. It is a decade on, largely, from the 1998 legislation that first embedded the Assembly, rather than the Government, and it appears that little has been done to promote cultural change in the civil service or to make this the 'central organising principle' of Government, as you put it. As a consequence, we probably should not be surprised that, down the road, very little has come out. It seems to be one of these things where we tick boxes, but have very little institutional belief in it, if I may put it that way, and something that is given very little political priority.

[296] **Mr Palmer:** The best place for me to start is by saying that I think that the key messages are fairly uncompromising. I do not feel that we have pulled our punches. I agree with you entirely that all our roles should be to try to demystify and simplify Government—I could not agree more. That is why we have made quite a bit here of the need to focus on outcomes and not on procedures and mechanisms, and put forward some ideas about how that can be done in terms of results-based accountability, which is one possible approach. There are a number of different possible approaches. People clearly need some encouragement to move in that direction, which is why we have majored on that. We had quite a tricky path to tread here, not least because sustainable development gets very close to policy. Our role is about implementation and therefore we have had to be careful about the line that we tread.

[297] **Jonathan Morgan:** The point that Alun was making was that when the Sustainability Committee looked at this, the performance of Ministers was found to be somewhat variable. In terms of the changes that have taken place more recently, which you have alluded to in the report, were those driven by senior officials and the Permanent Secretary or by Ministers saying, ‘We think that this has to happen in the way in which decisions are taken within the Assembly Government and, therefore, the civil service’? Was it driven more by the civil service than Ministers? That is what I am reading from this report. I do not think that that is a bad thing either.

[298] **Mr Palmer:** Unless you looked in some detail at the relationship between the higher echelons of the Assembly Government and the Ministers, it would be difficult to form a determined view on that. As I said, we have been careful to make sure that we kept our distance from policy. My view is that there has been a general realisation that 10 years have gone by, which Alun mentioned, and progress has not been that impressive, so we need to do something about it. If you look at the political situation generally, there has been an awareness in recent years of the need for action—climate change has raised the temperature and the financial crisis has added to that. There have been a number of things that have made people think, ‘We cannot go on as we have been; we have to start challenging the way that we do things for a whole range of reasons’. That has come together, with some key changes in the civil service, which you have talked about, and some steps have been taken. There has probably been a blend of things. We have tried to highlight some of the key reasons why—in our view, after the work that we have done—progress has stalled and has not been as swift as it should have been, and we have tried to be measured about it. One thing that we were very concerned about was that, having gained a significant degree of engagement and input from staff, at a range of levels in the organisation, and identified an appetite to do more, it was important not to kill that off, to make sure that there is a way forward and that there is hope of going forward. We have tried to strike a balance there. The key messages are pretty clear as to why things have not worked and who is responsible.

[299] **Janet Ryder:** You say that it is quite clear who is responsible, but whose job is it to take this forward now?

[300] **Mr Palmer:** Whose job is it to take this report forward?

[301] **Janet Ryder:** No. Whose job is it to turn this around in Government? Who is the person of whom we should ask the questions?

[302] **Mr Palmer:** There is a range of people at political level, but if you are looking at this in organisational terms, we flag up whole-organisation corporate issues. So, the Permanent Secretary comes to mind; you also have a new director general for sustainable development. Those people have an overview of how the organisation works and what can be done to act on some of these issues.

[303] **Mr Morris:** One thing that we are seeing is that sustainable development is still seen as the responsibility and the territory of people that have the word ‘environment’ in their titles and moving away from that is the key issue. As Mike says, this is an organisation-wide issue; this is about how the Assembly Government takes decisions and not about sustainability as something that people see as green.

[304] **Mr Palmer:** Just to reiterate that, we must bear in mind the challenges that will be serious and difficult for everyone. I mentioned climate change, but we also have the ongoing, wicked social issues that are difficult to move, and financial constraints overlay that. Even if the economy were to bounce back, there will be financial constraints on the public sector for a long time to come. That calls for a robust and fit-for-purpose approach to decision making, which gives people who take those decisions the confidence to know that when they take

them, the conflicts that will be inherent in any public sector operation will be made explicit and recognised, and will be either dealt with or mitigated rather than fudged and swept under the carpet.

[305] **Janet Ryder:** So, you are talking about the First Minister on the political side.

[306] **Mr Palmer:** I need to defer to Alan on this because we have been very careful here to keep on the right side—

[307] **Mr Morris:** I think that it affects all senior people in the organisation. This will only succeed if everybody understands the consequences of delivering the duty of sustainable development and how that affects all decisions that are made. That is very much a cross-organisation issue. So, yes, it would involve the First Minister, but it would involve all Ministers in terms of ensuring that, within their portfolios, the principle of sustainable development—and it is now a central organising principle for the organisation—is being mainstreamed and delivered.

[308] **Mr Palmer:** If an organisation states, ‘The central organising principle of this organisation is sustainable development’, the question is: what does that mean? That is—*[Interruption.]*

[309] **Jonathan Morgan:** Order. When we come to consider this and once we have finished with the questions, the committee can consider how to take this forward. One of the options could be to ask the accounting officer, in this case the Permanent Secretary, and the relevant director general to come here to answer questions on how the organisation is changing to ensure that the statutory duty is more than just a statutory duty.

[310] **Jeff Cuthbert:** Alun made the point earlier that it is outcomes that affect people and I certainly support that. I have two brief questions. You used the words a moment ago in the summary to your document, under paragraph 7, where you say that sustainable development is often perceived as a ‘wicked’ issue. There is more than one definition of the word ‘wicked’. I would be grateful to know exactly which one you mean.

[311] Secondly, although you do not use the word ‘procurement’ in the recommendations—as far I can see, it is not included in the summary of the recommendations, but if I missed it, I apologise unreservedly—clearly you referred to it in your introductions this morning and it can be inferred from a number of the paragraphs, and rightly so, because the Welsh Assembly Government buys most of its services and products from public private providers and that is absolutely right and proper and we do not want that to stop. However, it is important that they are as aware of the policies on sustainability as we are. There is the issue of getting a consistent understanding and definition of the term. Do you think that there is a training or staff development issue for those from whom we procure services or products, which needs to be addressed, presumably in collaboration with us, so that we are talking about the same thing?

11.30 a.m.

[312] **Mr Palmer:** I will deal with the ‘wicked’ one first. Whenever I use these sorts of terms, it is in the back of my mind that it might not be a good idea. In that sense, I picked that up from a report done some years ago by Swansea University, I think, for the Joseph Rowntree Foundation. What it means is complex, with lots of conflicting aspects that are very difficult to resolve. We are making the point that that is how it is often seen, which picks up on Alan’s point that Government is often seen in that light. One thing that we have tried to do, but perhaps we have not succeeded, is debunk that a bit and say that, actually, it is a matter of getting on and doing it, in some instances. Does that deal with the ‘wicked’ one?

[313] **Jeff Cuthbert:** Yes. In a sense, I am glad that that was your definition of ‘wicked’, as opposed to one that many young people use today of being brilliant.

[314] **Mr Palmer:** Oh, I see. [*Laughter.*] I had not even thought of that. Perhaps that is a lesson for me to think more carefully before using these terms in future. The point on procurement is very well made. Clearly, one thing that Governments do is spend money at all levels, so procurement is crucial. One reason that it does not feature in the recommendations is because quite a lot of work was done on that by Value Wales and we flag it up in those parts of the report where we are flagging up positives. We are not saying that all is perfect and that it is a job done, but it is an area in which some significant work has been done.

[315] We tried deliberately not to have a huge list of recommendations and to keep them as brief as possible, focused on what we felt were the key areas. Given that quite a bit of work has gone on with procurement, if the key decision making, particularly the big decisions, have sustainable development embedded in them, that will flow through to procurement better than if you were to try to fix it at the other end. If SD is embedded at the start, it will flow through. Trying to get sustainable procurement bolted on at the end, which is quite often what happens, is a less than ideal approach. The one thing that I would say about procurement—and we flag it up in the report, but it does not feature as a recommendation—is that you need to think of it as a central organising principle of Government. It is noticeable that, as things stand, Value Wales lists sustainable procurement as one of a list of types of procurement, including e-procurement and so on, and so it is not the central organising principle for procurement. If I have got this right, the final bit of the question was about suppliers, contractors and people like that, and contract compliance. Is that right?

[316] **Jeff Cuthbert:** Yes.

[317] **Mr Palmer:** That is an important area and one in which you can see that Value Wales has done some good work. I am not saying that it is job done, but it is certainly an area of progress that you can point to.

[318] **Michael German:** I want to try to get some sense of the nature and size of this problem. On a scale of nought to 10 where nought is absolutely dreadful and 10 is superb and excellent, how far has the Welsh Assembly Government integrated its resource allocation on SD into all its financial and business-planning processing? I will give you some time to think about that.

[319] **Mr Palmer:** Thanks. [*Laughter.*]

[320] **Michael German:** Secondly, it is often thrown at us on this committee that the Government has already undertaken the change and that your report is out of date. Your emerging findings came out in June 2008, which is more than 18 months ago. How much do you think that Government has changed since it saw your emerging conclusions? How far do your conclusions represent the current position, not the position as it was when you took evidence 18 months ago?

[321] **Mr Palmer:** I will deal with the last one first, but not because it is easy. First of all, the simple answer is that I am confident that this is a generally accurate picture of—

[322] **Michael German:** Of today?

[323] **Mr Palmer:** Of today. Some things have changed, and we have noted them. So, although the bulk of the fieldwork was undertaken previously, as you say, we have had an ongoing engagement with Assembly Government staff since carrying out the major bulk of

the fieldwork, and we have been aware of the changes that have been made, and we note them in the report.

[324] **Jonathan Morgan:** Michael, may I stop you for just one second? I think it important that we record the fact that all these reports are signed off by the relevant accounting officer before they are published. They are not signed off two years or 18 months ago when the fieldwork was done; they were signed off recently as being factually accurate. I do not think that we can doubt the factual accuracy simply because the Assembly Government has accepted it.

[325] **Michael German:** Too often, they say that they are implementing all that has been said in the report.

[326] **Mr Palmer:** Thank you, Chair. It was signed off very recently, just to confirm that. Dealing with the substance, there will be areas in which things will have moved on, but the general conclusions are a reflection of the situation today. In addition, and perhaps more importantly, the recommendations that come out of that are vital.

[327] As for some of the changes that have come in more recently, as I said earlier, these recommendations are particularly important for those to be able to take effect and fulfil their potential. Does that help?

[328] **Michael German:** As long as it is up to date, that is fine. We need not have truck with people who tell us that they are already implementing it.

[329] **Mr Palmer:** That is fine.

[330] **Mr Morris:** On the first part of your question, a key part of this—without wanting to put scores on it—

[331] **Mr Palmer:** I was going to. [*Laughter.*]

[332] **Mr Morris:** Oh, well. The point is that the score will vary considerably, depending on which part of the organisation you look at.

[333] **Michael German:** Yes, but what about the overall score when you have to hold a piece of paper up in front of us?

[334] **Mr Palmer:** Alan's point was well made. The difficulty, as I noted earlier, is that some parts of the organisation have demonstrated a great degree of expertise in this area, so you have to be careful when you generalise, have you not? If we were to do it for the sake of this, it would have to be around two or three. One reason for that is because, quite often, business planning is not integrated with financial planning. Plans are put forward with little idea of how much they will cost and whether they are feasible and viable. If you do not have that in place, it is difficult to embed sustainable development in them.

[335] **Jonathan Morgan:** Are there any further points?

[336] **Sandy Mewies:** I presume that that also extends to grant making, because that is particularly important. Grant making is a big area.

[337] **Mr Morris:** There is a recommendation on that in the report, because we see it as a key area in which the Assembly Government's approach to sustainable development can influence other organisations throughout Wales. That is a key area of influence that we think is underused at the moment.

[338] **Mr Palmer:** The only thing that I have to say about that is that it is fine as long as it itself is clear and is talking the talk and walking the walk. What is not appropriate in our view—and I have seen this in other places—is for organisations to dictate to other organisations without walking the walk themselves.

[339] **Sandy Mewies:** I think that you mentioned the air link in that paragraph.

[340] **Mr Palmer:** I was not thinking about that so much. That was reflecting staff views, really, rather than ours.

[341] **Jonathan Morgan:** We now need to decide how to proceed with this report. There are the four usual options, the first of which is to do nothing additional ourselves except write to the Assembly Government requesting a response to the recommendations. The second is to write to the relevant accounting officer or Minister, seeking further information if there are particular issues that we want to consider further. The third is to refer the matter to a subject committee of the Assembly. The fourth is to launch an inquiry of our own. I think that we would benefit from pursuing some of this with the Permanent Secretary, and perhaps we could ask her to come to the committee with the new director general, who is responsible for implementing the duty to sustainable development. That is my preference as Chair, but I am in the committee's hands. I see that you are all in agreement that that is the best way forward. There is a range of options, but we cannot ignore it, because there are some serious issues that we would like to tease out.

[342] **Jeff Cuthbert:** That would not stop us from then taking further action if we thought it necessary.

[343] **Jonathan Morgan:** No. The usual options are not set in stone; we can modify them, but it is down to what the committee wishes to do. We could take evidence from the accounting officer and the director general, and we can pursue these matters further because I think that the committee has an interest in this. If we are not satisfied, we can take a further look if we wish. So, we will make arrangements to do that.

[344] Thank you for being with us this morning. I am grateful to the representatives of the Wales Audit Office.

11.40 a.m.

Cynnig Trefniadol Procedural Motion

[345] **Jonathan Morgan:** I move that

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

[346] I see that the committee is in agreement.

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 11.40 a.m.
The public part of the meeting ended at 11.40 a.m.*