



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

**Y Pwyllgor Menter a Dysgu
The Enterprise and Learning Committee**

**Dydd Mercher, 9 Rhagfyr 2009
Wednesday, 9 December 2009**

Cynnwys
Contents

- 3 Cyflwyniad ac Ymddiheuriadau
Introduction and Apologies
- 4 Creu Swyddi yn yr Economi Werdd
Generating Jobs in the Green Economy
- 32 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

Christine Chapman	Llafur Labour
Nerys Evans	Plaid Cymru The Party of Wales
Gareth Jones	Plaid Cymru (Cadeirydd y Pwyllgor) The Party of Wales (Committee Chair)
Huw Lewis	Llafur Labour
David Melding	Ceidwadwyr Cymreig Welsh Conservatives
Sandy Mewies	Llafur Labour
Jenny Randerson	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats

Eraill yn bresennol
Others in attendance

Nigel Draper	Pennaeth Cymdogaethau, Tai Cymoedd i'r Arfordir (V2C) Head of Neighbourhoods at Valleys to Coast Housing (V2C)
Dilys Howells	Rheolwr Strategaeth, Energy Saving Trust Wales Strategy Manager, Energy Saving Trust Wales
Keith Jones	Cyfarwyddwr Cymru, Sefydliad y Peirianwyr Sifil Cymru Director, Institution of Civil Engineers, Wales
Dewi Llwyd Evans	Rheolwr Prosiectau Cymuned, Cymdeithas Tai Eryri Community Initiatives Manager, Cymdeithas Tai Eryri
Helen Northmore	Pennaeth Ymddiriedolaeth Arbed Ynni Cymru Head of Energy Saving Trust Wales
Wyn Prichard	Cyfarwyddwr, Sgiliau Adeiladu Director, Construction Skills

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

Dan Collier	Dirprwy Glerc Deputy Clerk
Siân Phipps	Clerc Clerk
Joanest Jackson	Cynghorydd Cyfreithiol i'r Pwyllgor Legal Adviser to the Committee

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

Cyflwyniad ac Ymddiheuriadau
Introduction and Apologies

[1] **Gareth Jones:** Bore da, bawb. **Gareth Jones:** Good morning, everyone. I
 Estynnaf groeso cynnes ichi i'r cyfarfod hwn extend a warm welcome to you all to this
 o'r Pwyllgor Menter a Dysgu. Mae'r cyfarfod meeting of the Enterprise and Learning
 yn un dwyieithog; mae clustffonau ar gael i Committee. The meeting will be held
 dderbyn y gwasanaeth cyfieithu ar y pryd o'r bilingually; there are headsets available to

Gymraeg i'r Saesneg ar sianel 1, a gellir eu defnyddio i chwyddleisio'r sain ar sianel 0. Bydd cofnod o'r cyfan a ddywedir yn gyhoeddus.

receive the interpretation from Welsh to English on channel 1, and amplification is available on channel 0. A record of everything that is said publicly will be made available.

[2] Atgoffaf bawb i ddiffodd ffonau symudol ac unrhyw ddyfais electronig arall, a hefyd i beidio â chyffwrdd â'r meicroffonau. Nid ydym yn disgwyl ymarfer tân, felly, os bydd argyfwng, bydd rhaid inni ddilyn cyfarwyddiadau'r tywyswyr.

I remind everyone to switch off any mobile phones and any other electronic devices, and also not to touch the microphones. We are not expecting a fire drill, so, in an emergency, we should take instructions from the ushers.

[3] Mae dau ymddiheuriad y bore yma—un gan Jeff Cuthbert a'r llall gan Paul Davies.

We have received two apologies this morning—one from Jeff Cuthbert and the other from Paul Davies.

9.30 a.m.

Creu Swyddi yn yr Economi Werdd Generating Jobs in the Green Economy

[4] **Gareth Jones:** Dyma'r ail sesiwn yn ein hymchwiliad i greu swyddi yn yr economi werdd. Mae'n bleser gennyf, ar ran y pwyllgor, estyn croeso cynnes i'r cynrychiolwyr sydd yma o Ymddiriedolaeth Arbed Ynni Cymru. Mae gennym Helen Northmore, sy'n bennaeth Ymddiriedolaeth Arbed Ynni Cymru, a Dilys Howells. Nid wyf yn siŵr beth yw swyddogaeth Dilys, felly efallai y gallwch chi neu Helen ddweud wrthym yn eich cyflwyniad. Estynnwn groeso cynnes i'r ddwy ohonoch. Yr wyf yn falch eich bod wedi gallu ymuno â ni, ac yn hynod ddiolchgar ichi am y dystiolaeth ysgrifenedig yr ydym eisoes wedi'i derbyn ac wedi'i dosbarthu i aelodau'r pwyllgor. Gofynnaf ichi wneud cyflwyniad byr o ryw bum munud, ac wedyn cawn gyfle, fel Aelodau, i ofyn cwestiynau. Drosodd i chi, felly.

Gareth Jones: This is the second session of our inquiry into generating jobs in the green economy. It is my pleasure, on behalf of the committee, to extend a warm welcome to the representatives who are here this morning from the Energy Saving Trust Wales. We are joined by Helen Northmore, who is head of the Energy Saving Trust Wales, and Dilys Howells. I am not sure what Dilys's role is, so perhaps you or Helen can tell us in your introduction. I extend a warm welcome to you. We are pleased that you have been able to join us this morning, and we are extremely grateful for the written evidence that we have received and distributed to committee members. I ask you to make a brief introduction of around five minutes, and then Members will have an opportunity to ask questions. It is now over to you.

[5] **Ms Northmore:** I thank you, Chair, and the committee for the opportunity to give evidence today. I will make a few introductory remarks and then I and Dilys Howells, who is our strategy manager, will be happy to take questions.

[6] The Energy Saving Trust is an independent organisations, primarily Government funded, which helps to reduce personal emissions from homes, communities and transport. We advise around 80,000 householders in Wales each year, as well as local authorities, housing associations and community groups. The next 40 years will see a transition of communities and economies across the world, driven not just by climate change. The unsustainable and inequitable nature of our current society, the need to ensure that we do not need to import large amounts of energy over long distances, which increase insecurities, and the inevitable limit to fossil fuel supply, all mean that the transformation of our energy needs

and supply is essential. Basically, we need to do more with less.

[7] Our current society and economy are built on the use of relatively cheap fossil fuels, and it would be expensive and difficult to generate this much energy from alternative sources. So, we need to transform our economy to achieve more with less energy, and we need to generate the remaining energy that we need from renewable or low-carbon sources. Within this context, our evidence focuses on the opportunities for reducing demand for energy from homes in Wales and the potential to generate some of the remaining energy demand locally. The Energy Saving Trust also provides advice on waste and transport, but we have focused on improving domestic energy performance in our evidence.

[8] There are significant opportunities to develop the Welsh economy to be at the forefront of the economic transformation, in terms of Welsh businesses leading the transformation of our own society and economy, and for Welsh businesses to support the transition elsewhere in the UK, Europe or, indeed, the world. We believe that there are two main steps to achieving this potential. The first is public sector investment to stimulate marketing in the short term, and the second is Government policy stimulating longer-term demand. In addition, what is key to delivering both of these steps is the skills agenda. The development of the Assembly Government's Arbed programme is an important first step in public sector investment, stimulating demand for home energy improvement packages. Securing funding to support the programme after 2011, when the initial funding pot must be spent by, will be essential to ensure that the programme has the desired effect in stimulating the market for and the supply of whole-house approaches and hard-to-treat solutions. The proposed changes to the home energy efficiency scheme will also begin to further stimulate demand for the next generation of home energy improvement works, that is the post-loft and cavity wall insulation era.

[9] It will be essential that Welsh businesses receive the right advice and support to upskill and deliver on these programmes, otherwise there is a significant risk that larger UK or international companies will reap many of the benefits. It is also critical that the right technologies and products are installed correctly in the appropriate places, otherwise there is a significant risk of negative associations as a result of inappropriate installations. Construction Skills will no doubt wish to raise the same issues in its evidence shortly.

[10] Our written evidence details the type of policies that we think need to be put in place to stimulate longer term demand for home energy improvement packages. One other opportunity that we wanted to highlight is the devolution of building regulations to Wales. By making strong and effective Welsh regulations, the Welsh Assembly Government can stimulate significant demand and economic benefits from home energy improvements, particularly in regulations for improvements to existing homes.

[11] Finally, as we highlighted in our written evidence, we are currently undertaking research that will allow us to put some figures on the potential economic impact of investment programmes, our own activities and future policies, including changes to building regulations, and we look forward to updating the committee on this work in February or March. We are happy to take questions.

[12] **Gareth Jones:** Thank you, Helen, for that introduction and for the wide-ranging and useful paper. I call on David Melding to start.

[13] **David Melding:** Could the witnesses elaborate on the point about retrofitting being crucial? I take this as something of a criticism: given the age of our housing stock, not enough has been done in this area. Is that what you are driving at? Also, are the skills needed to make older homes fuel efficient greater, and have we, so far, taken the easier housing stock, as it were, and made that fit for purpose in terms of carbon efficiency?

[14] You say that advanced insulation techniques are underdeveloped, by which I think you are probably referring to more micro-approaches in terms of individual houses and the use of new technology, I suppose, in terms of power generation. This is also more difficult for old houses. Could you please give us some more evidence on these areas?

[15] **Ms Northmore:** Yes, certainly. In terms of existing homes, 70 per cent of the homes that will exist in 2050 already exist. It will be a significant challenge to improve energy efficiency across the existing housing stock in Wales. Wales has some of the oldest housing stock in Europe; it has the second highest rate of—

[16] **David Melding:** We know this, but has the Government really done much in this area, or have we been leaving the older stock, thinking that it is tougher to tackle and that that is the next stage, or is the Government doing it now? Some of the housing stock dates back to before the first world war, and yet we say that 70 per cent of what is already with us will be here in 2050.

[17] **Ms Northmore:** Eighty per cent of the housing stock is owner-occupied and so, the only way that they can currently be influenced to make changes is either through incentives, such as subsidised grants, under the CERT scheme, or through regulation, which currently does not exist. In terms of how we will approach that, we still have to promote our messages through money-saving and financial incentives. You could argue that we could bring in regulation but it will not necessarily help people who are on low incomes and who cannot necessarily afford to make these improvements.

[18] Therefore, in terms of what the Government has been doing, supporting us in our work and working with the suppliers is a positive step forward. The CERT scheme currently focuses on cavity and loft insulation because it is easy and comparatively cheap work to do, but we still have a significant way to go in Wales, given that around 300,000 homes are yet to have their cavities filled. We need to finish that off, as well as starting to develop the new technologies that will be needed for the harder-to-treat homes.

[19] **Ms Howells:** I think that the focus has quite rightly been on loft insulation and cavity wall insulation until now because it is the cheapest and most effective measure, but now that work—

[20] **David Melding:** When were cavity walls first used commonly?

[21] **Ms Howells:** It was in the 1930s. Generally, cavity walls started to become more predominant in buildings constructed in the 1920s or 1930s. Quite rightly, the focus has been on that until now, but, as there is a large proportion of older homes in Wales, now is the time to start switching the focus to finishing off the loft and cavity wall insulation and starting to ramp up the work on the older homes. They are not necessarily more difficult skills, but they are more rounded skills. It is not just a case of rolling up and sticking in a bit of cavity wall insulation. You need to make a proper assessment of what the most appropriate technology is for a particular type of home. With older homes, you need to think about how the structure breathes and so forth. It is different from just going along and putting in loft insulation and cavity wall insulation. However, we should have a reasonable number of people who are experienced in how buildings work. It is not as if building is a new thing; people know about this stuff already.

9.40 a.m.

[22] **Ms Northmore:** In terms of the skills agenda at the moment, there are not whole-house approaches courses that you can send people on. We chair the Existing Homes

Alliance, and we held a session that focused on skills and training. One of our clear recommendations is that that is a future skill that needs to be developed in further education colleges now in order to equip people to do this work when programmes such as Arbed start rolling out. We will need people who can go into a home and decide on the best solution for that property.

[23] With regard to what the Government can do, CERT finishes in 2012. This currently provides a subsidy on loft and cavity wall insulation. How that money can be spent from 2012 onwards is something that parties, the National Assembly for Wales and committees could have a view on and feed into that process.

[24] **Jenny Randerson:** Thank you very much for your evidence, Helen. I would like to start with the issue of community energy projects. Can you outline for us the expected benefits of supporting the development of community energy projects? In particular, are there likely to be any opportunities for the creation of green jobs as a result of that? What would be the extent of those jobs?

[25] I might as well ask my second question at the same time. This relates to business. What support is needed to assist Welsh businesses so that they can benefit from the opportunities of the microgeneration market?

[26] **Ms Northmore:** The one thing to recognise about community energy projects is that they can be of any size, from encouraging a small microgeneration project to a 2 MW wind turbine. The size of the project will affect the outcome for green jobs. We have been appointed by the Welsh Assembly Government to deliver the community-scale renewable energy generation programme. This is a convergence and competitiveness programme, which will support community groups looking to establish a renewable energy project in their community and provide funding for feasibility studies and capital funding. One of the outcomes that we had to put into the business plan was job creation, which was seen as being key.

[27] For a project involving a large-scale community-scale wind turbine or a large-scale hydro project, there is an income stream for the community. In the community projects undertaken to date, the communities have decided how that money will be spent. Some have created jobs, while some have paid for energy efficiency improvements in their communities. We visited the Green Valleys initiative this week, which has 11 hydro projects already installed and 41 planned. It is about to take on its second full-time member of staff. The projected growth in the next couple of years is to four and a half jobs. This gives you an idea of the scale—it will take 41 hydro projects to create that number of jobs. Those people are employed using the income stream. There is also an impact in relation to the development and installation of the technology, which moves me on to your second question.

[28] We are looking at what we can do to ensure that Welsh businesses have opportunities in Wales. For renewable technologies and installations in particular, the UK Government funding through the low-carbon building programme requires that businesses have signed up to the microgeneration certification scheme in order to be able to install the technologies that the consumers are getting a subsidy for. Microgeneration certification scheme accreditation is expensive and can be a barrier to particularly small businesses looking to become renewable installers. That is one thing that we have raised several times. It is a barrier to entry to the market and it will be a significant barrier for smaller installers, which those in Wales are likely to be.

[29] **Ms Howells:** In relation to the number of jobs that can be created through community microgeneration, I mentioned in our written evidence that we are currently undertaking a piece of research that will allow us to have a better idea of that figure. We have previously

completed some research that looked at where community-scale generation might be economically feasible across Wales. The piece of research that we are doing at the moment will allow us to feed the result of the previous research through this model, and it will tell us how much energy we could generate economically from community-scale energy generation in Wales, how many jobs we could expect it to create, and what contribution it would make to GVA and the economy.

[30] The point that was made on MCS is important. Perhaps the Welsh Assembly Government could help more Welsh businesses to be accredited through that scheme. I do not believe that a large number are currently accredited. Many companies are coming from outside Wales to deliver the low-carbon building programme grants and so on, because you have to be MCS accredited to deliver that.

[31] **Ms Northmore:** To put it in context, it can cost between £20,000 and £40,000 to become MCS accredited, which, for a small business, is a significant sum of money.

[32] **Gareth Jones:** What is the accreditation? What does the acronym stand for?

[33] **Ms Northmore:** It is the microgeneration certification scheme.

[34] **Jenny Randerson:** You have been very specific about that recommendation—that the Government should be doing that. Is there anything else that you think the Government could be doing to assist businesses and to encourage businesses with regard to microgeneration?

[35] **Ms Northmore:** There needs to be better advertising of future Government policies and programmes to the industry. The Arbed programme will see millions of pounds being invested in microgeneration in Wales. So, informing the supply chain that that is coming is key, because businesses will invest in training, staff and in upskilling if they see the potential to get more business. With these significant programmes on the way, informing the industry is key to the delivery in order to get the outcomes from these programmes that the Government wants.

[36] **Nerys Evans:** Yr ydych yn cyfeirio yn eich papur ac yn eich tystiolaeth at y gwaith ymchwil yr ydych yn ei wneud ar hyn o bryd. A ydych mewn sefyllfa i rannu gyda'r pwyllgor unrhyw gasgliadau cynnar o'r gwaith ymchwil ynglŷn ag effaith economaidd eich gwaith yng Nghymru? A fydd y gwaith ymchwil yn ystyried strategaeth swyddi gwyrdd Llywodraeth y Cynulliad? Beth yw eich barn am y strategaeth fel y mae ar hyn o bryd?

Nerys Evans: You mentioned in your paper and in your evidence the research work that you are currently undertaking. Are you in a position to share with the committee any early conclusions from the research relating to the economic impact of your work in Wales? Will that research take into consideration the Assembly Government's green jobs strategy? What is your opinion on the strategy as it currently stands?

[37] **Ms Northmore:** Dilys will refer to the details of the research, but I can discuss some of the economic impacts that we have as an organisation in Wales. We currently employ 35 members of staff and we have another five joining before Christmas. This makes us an increasingly significant employer.

[38] We run a number of programmes in Wales. We contract out work to other organisations across Wales providing support for people throughout Wales. Although we do not have one discrete budget for Wales, our budget this year will be around the £2 million mark.

[39] When I joined EST three years ago, our impact was much less significant. We were spending less than £1 million and had only two or three members of staff. So, we have invested our resources in Wales to deliver on this agenda. That is having an effect on our impact on the economy.

[40] **Ms Howells:** Unfortunately, we do not have much to share with the committee at the moment. We have done a review of the existing evidence, which we have included as an annex to the paper. Where we have identified gaps in the existing evidence about the number of jobs being created by particular technologies or industries, we have been going out to talk to members of those industries—the manufacturers and installers of those technologies—in order to fill in any gaps in our knowledge. We expect to have preliminary information in January. Apart from that, we have the estimates that I included in the written evidence, which were done previously by members of staff at the Energy Saving Trust regarding the number of jobs created by cavity wall and loft insulation work specifically.

9.50 a.m.

[41] One area in which the green jobs strategy could be strengthened is on the idea that you need to create demand. There is a lot of talk in the green jobs strategy about skills, training, research, and so on, but there is not much exploration of how exactly you create the demand for those green jobs. Without that demand, you will not get the jobs to go alongside it. It is a bit of a chicken-and-egg situation: you need to develop the demand and the industries alongside each other at the same time. That was a major thing that could have been improved, from my perspective.

[42] **Gareth Jones:** Thank you. Huw, was your question on this specific point?

[43] **Huw Lewis:** No.

[44] **Gareth Jones:** Okay, sorry about that. Sandy is next.

[45] **Sandy Mewies:** Thank you, both, for a very thoughtful paper. I was particularly interested in how you had identified how cavity wall insulation and installations can result in jobs being created. My question relates to domestic use, which may need help to improve its greenness. Helen, you made the point that 80 per cent of homes in Wales are in private ownership and their owners have to be encouraged to take part in these schemes. What has always struck me about the energy industry, combating fuel poverty and so on is the plethora of organisations involved. It is quite a concern to me that, even in my area, it is quite difficult to know who you can go to, not because there is no-one to go to, but because there is no one-stop shop. It has occurred to me on many occasions that we have the levy on the energy industries and money is coming from the Government for exactly this, but is it focused correctly, or is there too much of a scatter-gun approach?

[46] **Ms Northmore:** I agree that there is a large number of organisations out there offering advice and support on energy efficiency and fuel poverty. Much of our consumer research shows that people are confused about where to turn. We have responded to that by changing our marketing focus away from the general call-to-action messages to saying that we are the independent experts and asking people to contact us.

[47] The fuel poverty strategy that is currently out for consultation identifies vulnerable people and the fuel poor as a particular issue, and proposes a central advice and referrals hub, which would be that one-stop shop for people. We are responding to the consultation by saying that we believe that we are best placed to deliver that hub for Wales, because we are the independent experts who can give the widest range of advice, and we are trusted by the public. So, we believe that the central advice and referrals hub talked about in the strategy

will help to reduce confusion for the consumer. The key to that working is ensuring that it has links to all the other organisations. For the consumer, it should be one seamless journey or transaction. It does not matter to them who is doing the work or who they are talking to, just that they get the support that they need. Again, a clear focus in our evidence is that, whatever system is set up, it has to be easy to use and easy to access for the consumer.

[48] The fuel poverty strategy addresses some of the issues of how the funding is spent. The primary sources of funding in Wales are the Assembly Government through the home energy efficiency scheme and the carbon emissions reduction target schemes, and any other funding that local authorities provide. We believe that we co-ordinate those in our existing services. We refer 10 per cent of HEES customers directly to the portal without their having to ring anyone else, because we have those arrangements in place. We have felt for a long time that this is an issue, so we have been building relationships with organisations to try to address it.

[49] **Christine Chapman:** We want to do this throughout Wales, but what is your assessment of how different parts of Wales are getting involved in green jobs? I know that the Heads of the Valleys strategy is partly about promoting green jobs and the low-carbon economy, but I just wonder where the gaps are, and where more work needs to be done. Do you have an idea of how things are going in different parts of Wales? Are some areas doing better than others?

[50] **Ms Northmore:** The Heads of the Valleys area is the most high-profile project, and the British Gas training academy will have a big impact. There are already some significant renewable manufacturers in that area. We have done some research looking at renewable manufacturers in Wales—and there are some. They tend to be smaller organisations that are spread around Wales. It is very much the same for the energy agencies, which are usually bodies or charities that operate in the energy efficiency advice area, although several agencies have closed down in recent years.

[51] **Ms Howells:** There is a lot of focus on the Heads of the Valleys area, but the Assembly Government's Arbed programme will cover other strategic regeneration areas as well. Hopefully, that will spread some of the benefits to other parts of Wales. The key is that you need to create a critical mass of demand to encourage new businesses to set up and expand, and so, by its nature, this kind of demand-stimulation programme focuses on the particular areas where such critical mass can be created, rather than spreading out across different parts of Wales.

[52] **Ms Northmore:** The Scottish communities and householders renewable initiative, which was run by the Energy Saving Trust in Scotland, provided grants for community groups and householders to install renewable technologies, and saw an increase in the supply chain from around eight installers to more than 100 by the time it had finished. It had a real impact because it involved demand stimulation. At the moment, we have small organisations dotted around Wales, but significant demand-stimulation programmes such as Arbed, rolling out from the Heads of the Valleys area, will hopefully have that impact and we will see an improvement.

[53] **Christine Chapman:** Obviously, that is good news for the Heads of the Valleys, but is the Government sufficiently proactive in stimulating demand and connecting isolated small companies in other parts of Wales? Sometimes, the opportunities are there, but companies do not take them up, and areas do not benefit. Is the Government doing enough to stimulate demand throughout Wales and create the critical mass that you are talking about?

[54] **Ms Howells:** I think that the development of the Arbed project as it spreads out across the different strategic regeneration areas will provide a good answer to that. There

should be more information over the next three months or so, as we get a feel for where those projects are. We may end up with 15 of them in the Heads of the Valleys and only three in other parts of Wales, or a more equal spread. So, we will see whether it is being appropriately spread out, or whether it is too focused on the Heads of the Valleys.

[55] **Ms Northmore:** We will also see whether the Government communicates the potential projects coming along well enough to industry, as I said earlier.

[56] **Huw Lewis:** I want to focus on the perspective of the homeowner and householder. In your evidence, you touch on trust and confidence. The only comparable roll-out of a programme of home improvement that I have experience of is the neighbourhood renewal area work on my patch—and I am sure that many Members will have had experience of that. However, my experience has been almost wholly negative. The wholesale mismanagement of the programmes by the local authority, in this case, is to the extent that the money made available to those communities will not now be spent because the management is unable to get the money out of the door. Of the £27 million that I believe the community was entitled to, it might see £9 million or £10 million by the end of the programme.

10.00 a.m.

[57] First of all, that is short-changing the community by a huge amount. Secondly, those issues of mismanagement include chaotic procurement procedures, and small companies biting off more than they can chew, as they simply do not have the skills base to deliver the contract that they have taken on. There are no real lines of responsibility or redress for the householder when things go wrong, and apparently no-one fulfilling the old-fashioned role of the clerk of works. There is no-one for the householder to talk to, to get clear information on what is happening, how long it will take, how any glitch is to be corrected, and so on. There is no redress, and no clear lines of managerial responsibility. This programme has been running for years, and it is still as bad now as it was at the beginning. It strikes me that, to get a proper roll-out of such programmes, those basic nuts-and-bolts issues have to be solved to engender trust among people. What would you like to see done differently? Is there anything that you could contribute to ensure that things are done differently? Nearly a decade on, in my experience, there are still people who seem completely incapable of learning about how to make programmes like this one deliverable, so that people can have confidence in them.

[58] **Ms Northmore:** The Arbed programme provides a huge opportunity, which we may not get again, to do some significant refurbishment of the existing housing stock. Rather than ask what we would do differently, I think the question is what we need to ensure happens so that this money is spent effectively. Refurbishment programmes have been going on in Wales for several years, and local authorities have been involved, as well as energy suppliers, energy agencies, and us. So, we have cost-effective ways of getting things done, and it is a question of learning from programmes that have either taken area-based approaches or been involved in refurbishment or insulation work, and bringing that experience to the development of the Arbed programmes to ensure that they address the issues that you raise before they become problems. Programme delivery is designed to ensure that the money is spent effectively, and to support the householders so that issues of confusion and inappropriate installations do not arise.

[59] **Ms Howells:** Much of it will come down to proper communication. We talked about confusion, and the need for a single point of contact to give help or advice, and it is similar for these area-based programmes, where there is proper communication to begin with, and it is clear where you go as a first port of call. While you may well have had bad experiences with neighbourhood renewal areas, the area-based loft and cavity wall insulation programmes that have run in parts of Wales, such as Warm Wales in Neath Port Talbot, have been delivered effectively. There has been householder communication, lots of advance notice of

things going on, a clear point of contact to find out what is happening in the area, knowing when someone will call, and so on. It is similar at a national level, where people want to know where to go to ask about this, and how to know what is going on. We are doing some work in Scotland on the home insulation scheme, and we are managing area-based programmes like this, so there will hopefully be some lessons learned and some recommendations that we can put to you.

[60] **Huw Lewis:** I can accept that the experience in Neath Port Talbot could be very different, and much more positive, and so on. However, therein lies the problem: if we are not to have a curate's egg of provision, do we need a national regulatory body, or an organisation setting benchmarks? Do we have to think about an all-Wales standard that must be met by all the partners involved in any type of delivery programme? We do not have one, do we?

[61] **Ms Howells:** No, we do not have one, but it is an interesting idea. I guess that it would be a set of key principles that you would expect these projects to work towards and adhere to.

[62] **Ms Northmore:** We have started working with schemes that we refer into with terms and conditions to set standards. For example, if a customer rings us having decided that they want to have some insulation, we refer them to a scheme, and we have an agreement with the scheme manager on how the work will be done and the service that the customer will receive. That is the first time that that has been developed and implemented. It is an area that we are concerned about, because if consumers ring us and get referred, they think that we are doing the work. So, we need to make sure that they understand who is going to come to do the work; again it is about communication. I agree that setting a standard is an interesting idea, and it is an idea that we have started to look at. However, the fact that we are involved in the Arbed project means that we will bring our feedback to the development of the programme, and involve partners, where possible, who also have similar expertise.

[63] **Gareth Jones:** I would like to pursue the point raised by Huw, as this might be of interest to AMs on a practical basis at a local level. As constituency Members, we are approached by individual householders who have been involved in the HEES scheme, for example. I do not think that there is much wrong with the marketing of the scheme, because most people know about it. So, they get the assessment done—that is fine—and they are given a list of recommendations. When that becomes operational, there has to be a working relationship with other firms, such as British Gas. An example was drawn to my attention where there was a variance in the assessment by British Gas on some type of monthly insurance for the system, which did not quite tally with the HEES fitter or whoever came along. I have heard of two or three other examples where there has been concern about the nature of that type of relationship, and, therefore, the nature of the work done. I think that Huw mentioned communication. I feel that there is a dire need in this regard for the work to be done, and if there is dissatisfaction, there needs to be some type of independent assessment of that situation. If you get someone who is independent in that sense, their feedback means that the system will hopefully improve, because the consumer turns to the Assembly Member when there is dissatisfaction for us to pursue whatever the concerns may be. We will do that as Assembly Members, but it should not be like that. I firmly believe that there should be some type of independent feedback that will benefit everyone.

[64] **Ms Howells:** That sounds like a good idea. In terms of the HEES scheme, that would be a recommendation to make to the Assembly Government, because we are not involved in running that scheme. It might form an important component of an area-based scheme, namely the availability of an independent assessor.

[65] **Sandy Mewies:** I very much agree with the Chair on that. When things go wrong, it is very difficult to get anyone to say 'This is what has gone wrong, and this is how it will be

rectified'. I have been contacted about a case where someone has had cavity wall insulation installed that should not have been put in. Is that the fault of the installer? Is it a knowledge issue? The insulation has to come out. There have been enormous problems for this person, but there does not seem to be an easy path to follow to get things put right. If it does not get put right, there is a loss of faith in the scheme, which I think that you mention in your paper. It is causing my constituent a great deal of difficulty and problems, which should not be happening. So, that is vital.

10.10 a.m.

[66] **Ms Northmore:** As Dilys said, this is important feedback for the fuel poverty consultation that is going on at the moment, which sets out how the Welsh Assembly Government proposes to deliver HEES from 2011 onwards.

[67] **Gareth Jones:** We have to be mindful of that.

[68] **Ms Northmore:** We also have to be aware that the merger of Energy Watch and Consumer Direct has had a direct impact on some people, who come to us with problems as they do not know where else to go. We work with Consumer Direct to help people in those situations, but it has had a significant impact. Previously, people understood that, if they had a problem, they could go to Energy Watch. There is not necessarily such a natural link with Consumer Direct, and a lot less advice is available to people who are not classed as vulnerable.

[69] **Gareth Jones:** There is one final quick question from David.

[70] **David Melding:** It goes back to my earlier point, namely that we have not created markets as robustly as we could have—although there is not a complete absence of this in Government policy—and have not provided the skills base to exploit that market. You say that the target for zero-carbon new-build houses is unlikely to be achieved, but that it remains a laudable aim. Is that not a polite way of saying that the Government has missed an opportunity? Wales could have a competitive advantage in the green economy, because the green economy will knock a lot of our processes sideways, and we will have to come up with pretty imaginative methods to keep them going. There are some areas in which we could get ahead of the game; is building not one of them? Have we done enough in that regard?

[71] **Ms Northmore:** Zero-carbon was an aspiration rather than a target. It will not be met, because building regulations will not be devolved until 31 January 2011. However, that will still put Wales ahead of England, in particular, where the aim is to achieve that by 2016. So, even if we achieve it in 2012 or 2013, it will still give Wales a competitive advantage. One thing that the Government has done, which has been very successful, is to get the industry to think about this through the coalition of the willing and the zero-carbon hub. That is why we still say that it is a laudable aim, and that there has been significant work.

[72] It provides Wales with real opportunities. It provides house builders with significant opportunities to trial new technologies and new ways of building in Wales, which is a smaller, quite defined market, ahead of the introduction of the 2016 targets in England. When those come in, Welsh builders could be at the forefront of building to code level 5 for the sustainable home.

[73] **Gareth Jones:** On that note, I thank you both for your contribution this morning and for the detailed written information that we have received. We are appreciative, and it has been an interesting and helpful session.

[74] Parhawn ag eitem 2, sef craffu ar We shall continue with item 2, our scrutiny

greu swyddi yn yr economi werdd. Mae'n bleser croesawu tri chynrychiolydd o SgiliauAdeiladu, sef Wyn Prichard, cyfarwyddwr SgiliauAdeiladu, Nigel Draper, pennaeth cymdogaethau, Tai Cymoedd i'r Arfordir, a Dewi Llwyd Evans, rheolwr prosiectau cymuned, Cymdeithas Tai Eryri. Diolch ichi am y dystiolaeth ysgrifenedig yr ydych wedi ei chyflwyno, sydd wedi'i dosbarthu i'r Aelodau. A allech wneud cyflwyniad byr o rhyw bum munud? Cawn wedyn gyfle i ofyn cwestiynau.

of job creation for the green economy. It is a pleasure to welcome three representatives from ConstructionSkills, namely Wyn Prichard, director of ConstructionSkills, Nigel Draper, head of neighbourhoods, Valleys to Coast Housing, and Dewi Llwyd Evans, community initiatives manager, Cymdeithas Tai Eryri. Thank you for the written evidence that you have submitted, which has been circulated to Members. Could you make a short presentation of some five minutes? We will then have the opportunity to ask questions.

[75] **Mr Prichard:** I thank the Chair and the committee for the opportunity to present evidence today; it is much appreciated. I have invited formal input from our social landlord partners at Community Housing Cymru and from Cardiff University, from which you have had a written paper. Both are active members of the Welsh built environment forum, and it is important that that is recognised.

[76] I will concentrate on two opportunities and challenges. There are green-job opportunities to create vibrant new businesses in Wales, in terms of business skills, start-ups and expansion of existing businesses, and also community enterprises. There is an opportunity to provide a wider skills base at all levels, in terms of new skills and continuing professional development for existing employees within Wales. There is also the promotion of diversity of new jobs, and diversity in the make-up of the industry, which is close to my own mind in relation to the make up of a male-dominated industry. Green jobs will give the opportunity of making that balance much better than it is currently. Working through the Welsh built environment forum, the cross-party group on the Welsh built environment and the built environment sector skills councils, there is an opportunity and a platform for Wales to lead in this agenda.

[77] Moving on to challenges, skills need to be positioned as the driver and not as an afterthought. It is a danger, sometimes, that we play catch up as an SSC; Community Housing Cymru and others take that role. Training and teaching skills need to be considered, particularly in this arena. Further education colleges do an exceptional job for us in the traditional trades and regarding where we sit in Wales, and across the UK on traditional apprenticeships. These are new skills, which are innovative and which need new players; it is about how we work with existing FE colleges and bring in new deliveries into the marketplace to ensure that that is considered.

[78] There needs to be joined-up thinking across the Assembly departments. It is important that we sing from the same hymn sheet and that there is synergy, to ensure that policy and implementation link in. Another matter that is close to my heart is the flexibility and acknowledgement for support in terms of business advice and skills development in this arena. Construction has been seen as something that is still stuck in the 1960s; however, it has moved on. There are new technologies and new opportunities, although, unfortunately, some advice and guidance still harks back to the 1960s and 1970s.

[79] I now ask my two colleagues to add their own views, before we sum up.

[80] **Mr Draper:** I have three relatively brief points to add. First, I want to emphasise, representing the social housing sector as I do, the scale of the impact that the sector is already having in this agenda. The sector has been innovative around the green jobs and skills agenda in the past, and is currently in partnership with a range of organisations to begin to deliver this

even more.

[81] To pick up one of Wyn's points, the joined-up agenda is important. One thing that has happened in housing recently is how the Essex review was translated into a set of challenges and opportunities that were then picked up in a co-production model, which brought together not only the Welsh Assembly Government, interdepartmentally, but also representatives from outside of the Welsh Assembly Government and the sector to develop an action plan to begin to deliver. So, lessons have already been learned around joined-up thinking that we can take forward.

[82] My third point, which again picks up on one of Wyn's points, is about enterprise opportunities. One key thing about the social housing sector is that we are effectively large-scale social enterprises ourselves—we are not-for-profit and we reinvest all of our surpluses in our activities. One thing that we want to do is to use that and the opportunities around the green agenda to try to create social enterprises that can begin to deliver services on our behalf. If there is an area where that needs close attention, it is that we have a model currently in Wales that is very bottom-up. It seeks to nurture and support the green shoots of local enterprise. That is a valid and important model, but with the opportunity of funding that may come from Europe or from additional private sector investment that we can draw through the social housing sector, there seems to be an opportunity to maximise that and to do something that is more top-down. In that way we could begin to proactively create job opportunities that are in the green area, so that we could use our procurement muscle in the future to procure from those. So, you would be building a virtuous circle around creating enterprise and skills opportunities.

[83] **Gareth Jones:** Diolch, Nigel. Dewi, a oes gen ti rywbeth i'w ychwanegu? **Gareth Jones:** Thank you, Nigel. Dewi, do you have anything to add?

10.20 a.m.

[84] **Mr Llwyd Evans:** Oes, yn gyflym. Siaradaf yn Gymraeg, os yw hynny'n iawn. Yr wyf newydd gael secondiad fel swyddog gogledd Cymru ar gyfer cynllun i2i, sy'n edrych ar greu'r budd economaidd mwyaf o safon ansawdd tai Cymru. Felly, mae hynny'n elfen arall i'm cyfraniad. Canolbwyntiaf ar y pethau positif a'r cynlluniau sy'n datblygu'r agenda hon yn glir o'n safbwynt ni, fel y rheoliadau adeiladu sy'n gofyn bod tai newydd o ansawdd gwell a'r safonau newydd a osodir gan y Cynulliad. Mae'r holl bethau hynny wedi cael effaith gadarnhaol ar y sector ac ar bawb, i ddweud y gwir. **Mr Llwyd Evans:** Yes, quickly. I will speak in Welsh, if that is okay. I have just been seconded as the north Wales officer for the i2i scheme, which is looking to maximise the economic benefit of the Welsh housing quality standard. So, that is another aspect to my contribution. I will pick up on the positives and the initiatives that progress this agenda clearly from our point of view, such as the building regulations that require new housing to be of a better standard and the new standards that the Assembly sets. All of those have had a positive effect on the sector and on everyone, if truth be told.

[85] I gyfeirio at rai o bwytiau Wyn, mae angen inni sicrhau bod y seilwaith hyfforddiant yn ddigon hyblyg i'n galluogi i ddarparu'r sgiliau sydd eu hangen i gyrraedd y safonau hynny. Dyna un o'r prif bwytiau yr oeddwn am ei godi. To refer to some of Wyn's points, we need to ensure that the training infrastructure is sufficiently flexible to allow us to provide the skills required to achieve those standards. That is one of the main points that I wanted to raise.

[86] Ar yr adnoddau sydd ar gael, mae cynlluniau fel Arbed yn wych ac yr ydym yn On the available resources, schemes such as Arbed are fantastic and we welcome them,

eu groesawu, ond rhaid inni hefyd sicrhau bod yr hyn sydd ar gael inni o ran cyllid Ewropeaidd yn cael ei ddefnyddio i'r eithaf fel bod y 4 y cant y gellid ei gael gan y cronfeydd strwythurol yn cael ei wario ar ôl-addasu. Mae hwnnw'n ymrwymiad yr hoffem weld yn cael ei rhoi ar waith.

but we must also ensure that what is available to us in terms of European funding is made maximum use of so that the 4 per cent that could be achieved from the structural funds is spent on retrofitting. That is a commitment that we would like to see put in place.

[87] Yr ydym hefyd wedi gweld sut y gellir defnyddio'r system caffael i sicrhau bod budd cymdeithasol i gontractau a modelau fel y pecyn cymorth Gallu Gwneud. Unwaith eto, yr ydym am weld sut yr ydym yn gallu ymestyn hynny i gael mwy ar yr ochr wyrdd i fod yn rhan ganolog o'r contract.

We have also seen how the procurement system can be used to ensure that there is a social benefit to contracts and models such as the Can Do toolkit. Once again, we want to see how that we can extend that so that we can get more green aspects as a central part of the contract.

[88] Credaf y byddai'n ddiddorol cael sgwrs am y safon ansawdd tai Cymru. Efallai bod diffyg safoni elfennau gwyrdd yn y safon hwnnw ac efallai bod angen i'r pwyllgor ystyried y mater hwnnw.

I think that it would be interesting to have a conversation about the Welsh housing quality standard. Perhaps there is a lack of standardisation of green elements in that standard and perhaps the committee needs to consider that issue.

[89] Yn olaf, mae gennyf gri o'r ardaloedd gwledig. Fel y dywedais, bydd Arbed yn gynllun hynod o gadarnhaol, ond, yn anffodus, y mae'r modd y caiff ei dargedu yn eithrio ardaloedd gwledig. Yn yr ardaloedd hynny, mae tlodi tanwydd a materion anodd o ran tai sy'n anodd i'w cynhesu ac nad ydynt ar y rhwydwaith nwy. Beth yw'r sefyllfa o ran yr ardaloedd hynny os nad yw cynlluniau fel Arbed yn eu cefnogi? Dyna oedd y prif pwyntiau yr oeddwn am sôn amdanynt.

Finally, I have a cri de coeur from the rural areas. As I said, Arbed will be an extremely positive scheme, but, unfortunately, the way that it is being targeted excludes rural areas. In those areas, there is fuel poverty and difficult issues in terms of houses that are hard to heat and that are not on the gas network. What is the situation in relation to those areas if schemes such as Arbed do not support them? Those are the main points that I wanted to mention.

[90] **Gareth Jones:** Thank you for raising those very important points. I will now turn to my fellow Members to ask questions, starting with Nerys Evans.

[91] **Nerys Evans:** Diolch am eich tystiolaeth. Hoffwn ofyn cwestiwn cyffredinol i bob un ohonoch ac yna gofyn i Wyn a Dewi ateb cwestiwn penodol. Ar strategaeth swyddi gwyrdd y Llywodraeth, ni osodwyd targedau na fecanwaith i fesur perfformiad, er bod y Llywodraeth wedi dweud y cânt eu datblygu yn y dyfodol. Felly, pa dargedau y credwch y dylai'r Llywodraeth eu defnyddio o fewn y strategaeth honno a sut y gellir mesur perfformiad?

Nerys Evans: Thank you for your evidence. I would like to pose a general question to all of you and then ask Wyn and Dewi to answer a specific question. On the Government's green jobs strategy, no targets or mechanisms have currently been set to measure performance, although the Government has said that they will be developed in the future. So, what targets do you think that the Government should use within that strategy and how could performance be measured?

[92] I Wyn, bu ichi sôn am sgiliau arbenigol yn eich papur a phryderon nad yw'r

To Wyn, you mentioned specialist skills in your paper and concerns that the specialist

sgiliau arbenigol ar gael yng Nghymru er mwyn gweithredu'r cynllun Arbed. A allwch ymhelaethu ar hynny? Beth sydd angen ei wneud? Pa sgiliau sydd ar goll a beth sydd angen ei wneud i oresgyn y broblem honno?

skills are not available in Wales to implement the Arbed scheme. Could you expand on that? What needs to be done? What skills are missing and what needs to be done to overcome that problem?

[93] Wyn, bu ichi sôn hefyd am gydweithredu ar draws portffolios o fewn y Llywodraeth. Beth yw'r diffygion, fel yr ydych yn eu gweld ar hyn o bryd, o ran diffyg cydweithio?

Wyn, you also mentioned collaboration across portfolios within Government. What are the deficiencies, as you currently see them, in terms of a lack of collaboration?

[94] Yn olaf, ar eich pwynt olaf ar y cynllun Arbed yn eithrio ardaloedd gwledig, a allwch ymhelaethu ar hynny? Beth yn union yw'r problemau a sut y gellir eu goresgyn? A yw hwn yn fater o fod yn fwy hyblyg neu o dargedu arian? Beth yw'r problemau, fel yr ydych yn eu gweld, ynghylch ardaloedd gwledig?

Finally, on the final point that you raised about the Arbed scheme excluding rural areas, can you expand on that? What exactly are the problems and how can they be overcome? Is this a matter of being more flexible or of targeting funding? What are the problems, as you see them, regarding rural areas?

[95] **Mr Prichard:** I will start on the green jobs strategy targets to give you a bit of insight into where Construction Skills is coming from. It links a little with what Nigel said in terms of procurement, and getting procurement right and setting the targets around that in terms of the number of jobs created. We also have to be careful to disseminate green jobs. Green jobs will be created as new jobs and will be add-on experiences in terms of qualifying upwards. Certain people are already in the field, so there will be continuing professional development so that people might move into the plastering trade and be able to gain some new skills within plastering and work with new materials and so on. My feeling would be that it has been done in terms of the Value Wales work, in terms of social clauses and creating jobs because of certain procurement. The point has been well made that we need to be quite hard on how we evaluate those targets. We were discussing earlier that there is a danger that we say that we will create 30 jobs, but would those jobs have been created whether the green jobs strategy existed or not? How many have come about directly because of an intervention or because the policies of the Assembly have changed? It is about getting those measurements right. Although I think the targets should be set by the client—that is where I hand over to the two gentlemen from housing associations—on the procurement there, the role for us will be to maximise the skills opportunities at a local level to deliver those targets.

[96] **Mr Draper:** Very quickly, on assessing the performance of the strategy in creating green jobs, I think that Wyn is right that one of the issues that we have is understanding what qualifies as a green job. We manage a construction skills centre in Maesteg. It is a very local initiative, but it has trained about 200 people. What we have identified through that work, from talking to our training provider, is that we do not have a portfolio of accredited training courses and accredited qualifications. There is not a portfolio that would enable us to say that this, this and this are part of that green jobs agenda. Part of the difficulty with that—something that Wyn suggested—is how much of this is training and skills for green jobs that are college based and have come through a full college-accreditation system and are then involved in new-build construction, for example, and how many of those are going to require refurbishment and retrofitting kinds of skills, which might be better for existing employees of existing firms who need upskilling. The portfolio of accredited qualification has a lot of potential, but still needs a lot of work to enable us to understand how we will know when we have created a green job.

[97] **Mr Evans:** Yr unig gyfraniad **Mr Evans:** The only contribution that I

buaswn i'n hoffi ychwanegu at hynny yw dweud y dylid edrych arno mewn ffordd wahanol. Os ydym yn edrych ar y profiad o gyrraedd safon ansawdd tai Cymru, a'r arfer da sydd wedi dod allan o'r system caffael hwnnw, mae'r gwaith mae Richard McFarlane ac eraill wedi ei wneud yn dangos y dylech greu o leiaf un brentisiaeth drwy raglen ar gyfer pob £1 miliwn o wariant. Mae'r canlyniadau yr ydym wedi eu gweld yn y sector dai wedi bod yn llawer uwch na hynny o safbwynt niferoedd, ond eto mae hynny'n rhoi rhyw fath o flas i chi o'r hyn y dylem fod yn anelu ato o ran gwariant.

would like to add to that is to say that we need to look at it in a different way. If we look at the experience of reaching the Welsh housing quality standard and the good practice that has emanated from that procurement system, the work that Richard McFarlane and others have been doing shows that for every £1 million spent you should create at least one apprenticeship through a programme. The results that we have been seeing in the housing sector have been much higher than that in terms of numbers, but that gives you a taste of what we should be aiming for in terms of expenditure.

[98] **Mr Prichard:** I will answer the two specific points. As has been said by Dewi earlier, I am full of praise for the Arbed scheme. The proof of the pudding is in the eating. My point on specialist skills is that I think that it is a locality issue again and about the geography of how the learning and skills framework is diversified across Wales at the moment. Specialist skills are unique and, in terms of revenue streams for colleges, the courses are difficult and expensive to run. It is about how we can put those within a scheme effectively. Some of the Members here will well know of the shared apprenticeship scheme, which has worked very well in Carmarthenshire. It may be that we look at a shared specialist skills scheme within Arbed to deliver those skills. I am worried about the flexibility and adaptability of the existing learning network to get us up to speed and to get the specialist skills into Wales. If we do not, we will have people coming in and delivering those skills within that situation. That was my main concern. British Gas is a very good example in the Heads of the Valleys area; it has come in and delivered those skills. I think that, with Arbed, we may not have the time to get people like that in, so we will need to look at innovative solutions and that is where our working with Arbed quite strongly, as one of the SSCs involved, will be crucial.

[99] The collaboration issues are not as difficult to overcome as they may first seem. A number of the departments are doing very good work and creating good policy, but it seems to be work that is being done in isolation. It is a bit of a jigsaw that does not seem to join together, if I may use that analogy. Where I sit, one of my major concerns, and those of the industry and employers, is that skills seem to be the afterthought as opposed to the policy. Skills should be at the beginning of the policy and one of the things that I would stress to this committee that would help to get over this is that skills should be thought about as policies are created. That is not always the case across every department. I think that that is a fair point.

10.30 a.m.

[100] **Mr Llwyd Evans:** Ar y pwynt penodol ynglŷn â thargeddu Arbed, ceisiaf beidio â'ch diflasu gyda'r manylion. Mae'n flin gennyf ond nid wyf yn gwybod beth yw'r cyfieithiad Cymraeg o 'lower super output areas'. Gallaf ddeall pam y mae'r Llywodraeth a'r Cynulliad yn dymuno targedu'r ardaloedd tlotaf, ac nid wyf am fynd yn erbyn hynny. Fodd bynnag, fe'i defnyddir mewn dull 'broad-brush', fel y soniwyd yn gynharach. Mae'r ardaloedd sydd â'r lefelau incwm isaf ar y mynegai amddifadedd—credaf mai 25 y cant yw'r

Mr Llwyd Evans: On the specific point regarding the targeting of Arbed, I will try not to bore you with the details. I am sorry, but I do not know what the Welsh translation is of 'lower super output areas'. I can understand why the Government and the Assembly want to target the most deprived areas, and I would not want to go against that. However, the way that it is being done is very much a broad-brush approach, as mentioned earlier. The areas with the lowest incomes on the index of multiple deprivation—I think that the line used is 25 per cent—are targeted,

llinell a ddefnyddir—yn cael eu targedu, ond mae uned yr LSOA yn un trefol a manwl. Mae'n siŵr gennyf bod enghreifftiau yn eich ardaloedd chi o lefydd a fydd yn dioddef o hyn, lle tynnir llinell. Byddwch i fewn os ydych ar yr ochr i'r llinell, ac allan os ydych ar yr ochr arall i'r llinell. Aiff hynny'n fwy lletchwith hyd yn oed yn ardal Môn Menai gan ei bod yn ardal sy'n cael ei thargedu fel ardal adfywio strategol. Mae Môn Menai yn ardal wledig uffernol a dim ond yr ardaloedd mwyaf trefol, a dim ond darnau bach o'r rheiny, sydd yn cael yr arian. Dyna'r pryder. Yn fy ardal i, er enghraifft, mae Tal-y-sarn a Nantlle, yn Nyffryn Nantlle, yn ardal Cymunedau yn Gyntaf, ond un ward yn unig sydd wedi cael yr LSOA. Felly, ceir rhwyg mewn ardal Cymunedau yn Gyntaf hyd yn oed.

but the LSOA unit is very urban and specific. I am sure that there are examples in your own constituencies of areas that will suffer as a result of this, where a line is drawn. You will be in the scheme if you are on one side of the line, and out of the scheme if you are on the other side of the line. It becomes even more difficult in the Môn Menai area because it is an area that is targeted as a strategic regeneration area. Môn Menai is an extremely rural area and it is only the most urban areas, and only small parts of those areas, that will get the funding. That is the concern. One example from my area is Tal-y-sarn and Nantlle, in the Nantlle Valley, which is a Communities First area, but only one ward has been given the LSOA. Therefore, there is a division even in a Communities First area.

[101] **Nerys Evans:** Felly, sut fyddech yn argymhell newid neu wella'r cynllun? Dywedasoeh ei fod yn 'broad-brush approach', felly sut fyddech yn ei newid? A fyddech yn ei dargedu'n benodol? Beth fyddech yn ei awgrymu i'w newid?

Nerys Evans: What recommendations would you make, therefore, to change or improve the scheme? You said that it is a broad-brush approach, so how would you change it? Would you have a specific target? What would be your suggestion for changing it?

[102] **Mr Llwyd Evans:** Aiff hyn yn ôl at hen ddadl yr ydych wedi'i gael yma o'r blaen, mae'n siŵr, sef sut ydych yn cymharu ardaloedd gwledig ac ardaloedd trefol a sut y dewiswch rhyngddynt. Mae angen hyblygrwydd, yn sicr. Os ydych yn agos at yr ardaloedd hynny, neu os gwyddoch fod ardal megis Ynys Môn, sydd yn dioddef diweithdra sydyn, ac â chyflogau isel ar bob mesur, mae angen bod ychydig yn ddoethach yn yr ardaloedd hynny.

Mr Llwyd Evans: This goes back to an old argument that you have probably had here before, which is, how you compare rural and urban areas and how you choose between them. You certainly need flexibility. If you are close to those areas, or if you know that an area, such as Anglesey, which is suffering from sudden unemployment, and certainly suffering low wages according to all measures, we need to be a little wiser in those areas.

[103] **Jenny Randerson:** I will start with Wyn. You have referred several times to specialist skills. Your paper suggests that there is a shortage, and you have reinforced that this morning. Can you give us, as outsiders to the industry, some specific examples of the sorts of skills that are in short supply that we should be working towards creating? You refer in your evidence to:

[104] 'the Welsh Assembly Government's historic lack of engagement with skills providers and work-based learning organisations'.

[105] What should the Government be doing to better engage on this and to ensure that the training is up to standard, and that those skill shortages are addressed?

[106] I also have a question for Nigel and Dewi. Setting aside the Arbed scheme, is the general funding for social housing—the per unit formula that you can access—constructed now in a way that provides sufficient financial incentive and enables you to maximise the opportunities for energy saving in construction in new-build programmes? I ask that question

because I represent Cardiff Central, and I know that the formula, as it applies in Cardiff, is so thin that they cannot even build houses; they can only afford to build flats, whereas the social need is for housing. It worries me that there could be a deficiency in the incentive for you to maximise the energy saving opportunities. I am afraid that we may still be building social housing that causes fuel poverty in the future.

[107] **Christine Chapman:** May I come back on one point, as it will save me asking you again? Jenny asked about the historic relationship with the Welsh Assembly Government. I wanted to ask about the other comment that you made, Wyn, about the silo nature of WAG meaning that it was not reacting to the sector skills councils. I suppose that it is a similar question.

[108] **Mr Prichard:** I will try to incorporate that in my answers, but tell me if I do not come back to it. I will clarify the point and then respond to the specifics as to what specialist skills are. Where I was coming from on the engagement of the Assembly Government was that, in the main, construction receives money out of the training and skills pot to be disseminated among work-based learning providers and FEIs, and not specifically according to where the skills needs are. Traditionally, we have gone through the five biblical trades of which you will all be well aware. In fairness, the work-based learning providers and the colleges are doing very well. We have the highest rate of completions in the UK. So, they do what they do very well. However, there has been a lack of confidence and perhaps a lack of investment to move into the trade more widely. I am pleading for it to become more demand and supply based. There is a lot of training that does not create sustainable jobs over the long term. For example, we are creating bricklayers, but perhaps bricklayers will not be needed in those numbers in two or three years' time. That is where my concern on that was coming from, Jenny.

[109] On the silo nature, this is where the SSCs come in. If SSCs are delivering what we say on the tin it will deliver, as it were, we should be giving the Assembly Government departments that deal with funding accurate labour market intelligent information, which is the information that will allow officials in the Department for Children, Education and Lifelong Learning plan effectively on a supply and demand basis. I have always said that the money that the Assembly Government has given to the construction sector is about right for the industry's training requirements. It is not going to the right places and it would be good if the committee could help the SSCs to influence that, based on good labour market intelligence.

[110] On specialist skills, they are anything beyond the five biblical trades, because they are delivered sparsely among colleges and work-based learning. Take, for example, the move towards modular building and dry lining. This has been in decline for a long time and would therefore be a sought-after apprenticeship trade. There is hardly any scaffolding and plant mechanics training in Wales. In the professional sector, where people go through professional traineeships, there is limited training, and that is without even going into the clerical and officer duties, such as procurement and best value, within that. I am talking as a passionate Welshman about the skills that, more than likely, we will need in 2011 and 2012 to move that forward. We have put this forward to DCELLS as something that needs to be created. There are 26 trades, and I would argue that about five or six are adequately covered in a Welsh training setting. It may not be economically viable for some to be provided in Wales, but there needs to be a good framework in that scenario.

[111] **Mr Draper:** May I give you a quick and concrete, but mundane, example of what specialist skills might mean? At the moment, Welsh Water is obliged to reduce general water usage, not specifically in households, but generally. There is a huge obligation on the water companies to reduce their water losses. They could address that by fitting water-saving devices inside your toilet cistern; you would have a Hippo bag or other water-reduction

devices. That is a relatively new technology, which has only just been developed. There are no accredited skills or training to enable a maintenance or installation skill set to be delivered. Yet, the industry is being forced down the route of delivery by regulation. Effectively, we could end up with a mismatch where the water industry is developing new technologies in order to save water, yet we have no accredited training and skills to install and maintain those simple water-saving devices. That is a mundane example.

10.40 a.m.

[112] Coming back to the question about more general funding, I think that the sector is pleased in the sense that, certainly in more recent years, the social housing grant and, in the past year, the strategic capital investment fund, have enabled the sector to maintain a level of investment in delivering new homes. If we are to consider delivering new homes to that much higher environmental standard, we will be engaged in a set of extra costs. At the moment, the grant intervention rate, if you like, from social housing grant is not changing, but if the overall cost of the build is greater, the only way for the sector to meet that is generally by raising more private sector finance. We already raise about 50 per cent of our finance from the market. That additional cost will be met by our ability to raise additional private sector finance. The recent Essex review recognised that fact and the additional leverage that can be provided through the sector. So, there is an opportunity by giving the sector slightly more freedom, which is coming through the Essex review, to enable us to provide that extra element of private sector finance to meet some of those extra costs.

[113] The interesting thing about the extra costs from energy saving, particularly when you get down to the savings for the consumer, is that it is the landlord that meets the capital cost, but it is the consumer who gets the savings. In many ways, we have that up-front capital cost. How do we meet that additional cost? One way is through the extra leverage that the sector can achieve through private sector finance. When we look to the future within public sector financial constraints, we do not anticipate further subsidy or further opportunities for subsidy for the next five to 10 years. We might get greater volume, but we will not have greater intervention rates, so it will be down to the sector to access that leverage from its existing resource to plug that extra gap. The challenge is the fact that it is not the landlord that will benefit, but the consumer.

[114] **David Melding:** I want to pick up something that Jenny raised on the consultation. Your evidence is quite stark, and you say that DCELLS has been particularly poor. As that department is responsible for skills, that is rather alarming. Where do you think the lack of consultation has really had an impact? You have given the example of the five biblical trades, which is a vivid way of describing them and it is not one that I had heard before. You note that they are covered, but that specialist trades are not. You then say that there is a need for a national construction college. Would that respond to some of the issues, and would it fit into a strategic approach to ensure that we do have the green building skills, so that not only would we do well in Wales, but they would enable SMEs and larger companies to do well throughout the UK?

[115] I have a separate question altogether on waste, but perhaps I should leave that until you have dealt with those first questions.

[116] **Mr Prichard:** In terms of the perhaps heated comments about DCELLS that I included in my response, it is not about the DCELLS approach to support for the industry. The funding, as I said to Jenny in my reply, is about right. The point is about the diversification of that funding and the sub-splitting of it. Our concern has always been that contracts are going out to an FE college to deliver construction training, but that does not break it down to deal with the regional difficulties in particular areas of growth that an area may have. Some colleges, to their credit, are responding to that, and some of the work that we

are doing, by setting up regional fora, is starting to get to that intelligence. So, in one way, the SSCs are finding their feet in terms of getting the appropriate information to DCELLS. They will be going through the new funding in 2011 and would therefore need to look at that in 2011 to make sure that they are getting—

[117] **David Melding:** That is very interesting. In the Valleys areas, for example, perhaps more attention should be given to retro technologies and houses built before the first world war. Is that what you are driving at?

[118] **Mr Prichard:** Absolutely. British Gas is a good example to use. The other thing is that many courses will be manufacturer based. That is, roof tiles fitted with solar panels will be coming out, and although college courses will not be ready for that, the industry may nonetheless be competent because the manufacturer will take care of it. There is flexibility within that system to allow that money to come forward. We have always said that some money should be held back so that we can innovate during that time. The fund is allocated, and there is no space for anybody to come in with innovation. The shared apprenticeships were funded through additional money and were not within the mainstream funding of DCELLS. So, you are spot on, David, when you mention diversification.

[119] The reason and rationale behind the proposal for the transformation of the National Construction College is twofold. One is to move the colleges onto the next level. As I said, we have excellent FE colleges in Wales that could hold themselves well in the UK in terms of their construction performance, but we could use the NCC to develop them so that they could perhaps take on courses. The mass might not be in Blaenau Gwent or in Cardiff, but in other areas across Wales, particularly in the south-west, and these could become centres to develop certain courses. The NCC is not about duplicating any provision that is already there; it is about picking up provision that is not covered and is needed for the here and now. So, in terms of the wider infrastructure of training and skills in Wales, picking up the V2C development in terms of little colleges, that can become a hub to develop the colleges to the next level in construction training, and can ensure that the skills that individuals in Wales need, for example in work-based learning, manufacturing and new technologies, can be offered within a single institution.

[120] **Mr Llwyd Evans:** To go back to the case in rural areas and the nature of the schemes that Tai Eryri is getting involved in, for example, we developed some code level 4 houses in Bangor last year, and when it came to trying to get the skills required to do that job, the companies that we wanted to employ, and indeed the companies that we were tied to with our framework contracts through the consortia, did not have the experience. They had to learn on the job along with us. So, in a way, we have an opportunity to drive the agenda forward at that local level, and it is certainly the schemes through Arbed and the social housing grants system that are pushing the envelope.

[121] **Mr Prichard:** To back up Dewi's point, one thing that is working very effectively in parts of Scotland and England is project-based approaches, where, at the earliest stage, when the client decides what the project needs are, the local learning and skills councils or the business links set aside a pot for training, which is attached to a project. So, to pick up Nerys's question, DCELLS may need to consider the old way of giving out work-based learning contracts, as there may need to protect some funding for projects that clients alongside skills councils and FE colleges can bid for. That would give a better results-driven focus to work-based learning and would take it to the next level.

[122] **David Melding:** My second question is on zero waste, and, by that, I think that the Government usually means no landfill, does it not?

[123] **Mr Prichard:** That is correct.

[124] **David Melding:** It is often impossible to have zero waste, because not everything can be recycled. I am thinking of the impact of that on small and medium-sized enterprises. They are usually the more innovative end of the sector in terms of getting new niche technologies, and it is they who first identify those opportunities. It is a very important sector for Wales, and it is an issue if they are disadvantaged by these regulations. What is the practical problem? Is it the lack of facilities for disposal? Is that what you are driving at, because, presumably, if they were there and at a reasonable or at a no cost, then SMEs would not have a problem with using them? Where does hazardous waste go at the moment?

[125] **Mr Prichard:** I do not know if I should say this to the committee, but it is exported outside of Wales, and, at the moment, a lot goes to Norfolk. It is about the cost. There are no waste facilities in Wales that are up to the required standard, as you rightly said, David. There are also wider impacts, for example with regard to carbon, given that waste is transported some 300 miles or 400 miles.

[126] **David Melding:** That makes no strategic sense if you have a green jobs strategy.

[127] **Mr Prichard:** I know that you will have a presentation from the Institution of Civil Engineers later on, and one of its concerns is that there are no facilities within Wales in terms of waste.

[128] On the point about the SME market, it is getting a little easier for them where they are involved in partnerships, either with the RSLs or with supply chains, where, at a community level, the waste is removed. So, it is not the responsibility of the individual small and medium-sized enterprises, but it is the project's responsibility. That is starting to limit some of the costs, but it still does not take away from your fundamental point that there are no waste facilities in Wales.

10.50 a.m.

[129] **Christine Chapman:** I just want to pick up your comments, Wyn, about the sector skills councils still finding their feet. I would be grateful for your comments on that because this seems to come up time after time in this committee. It concerns me because it is leading the industry, and if this is a problem, I would like to hear your comments on it. I also wanted to talk about waste, but David has covered that.

[130] Again, your paper is quite critical of WAG. You say that there is concern among stakeholders in the sector about the withdrawal of public funds from planned projects, and that the allocation of funding to different projects could result in job losses and the collapse of SMEs in Wales. I would welcome some clarification and possibly some examples.

[131] You also talk about the fact that WAG should make clear the importance to business of low-carbon and green initiatives, as well as making them relevant. Do you think that insufficient promotion of the green jobs strategy to SMEs is being undertaken? We are a nation of SMEs, so we could be missing a trick there if it not happening.

[132] Another issue that I wanted to raise, which others have touched on, is the perception that there is over-regulation in Wales in the field of sustainable development. I am concerned about that, bearing in mind that the Copenhagen summit is taking place this week. I would be grateful for any comments that you have to make on that.

[133] **Mr Prichard:** I will take those points in order, and if I miss any, come back to me. On sector skills councils finding their feet, perhaps that was a bad choice of words. In respect of our sector skills council—and I cannot comment on others—our history is that we were

previously the industrial training board, and the remit of the sector skills council is different as we have to cover a wider breadth of employers and professionals. The phrase ‘finding their feet’ referred to people understanding what the sector skills councils do and can do, and the perception of what we used to do. The balance in some people’s minds leans more towards the perception that we are still a levy and grant-paying organisation, and they do not know about the innovation that we undertake. So, saying ‘finding their feet’ is not necessarily a criticism; it is more about having a public relations exercise so that stakeholders better understand what we do.

[134] We as a sector skills council have found our feet, and some of the partnerships that we forge with people and the work that we have done has given us recognition. A lot of the improvements that I would like to see in DCELLS are a two-way street, and the SSCs need to step up to the mark. We need to provide the relevant information so that it makes the fundamental decisions that make that money worth while in respect of employment decisions.

[135] **Christine Chapman:** May I just pursue that? Are you saying that sector skills councils are not being invited in by WAG? Should the skills councils be doing more? There should be a good relationship between Government and sector skills councils. Where are the problems?

[136] **Mr Prichard:** It goes back to the question on cross-department working that Nerys raised. In some departments, we are ignored. There are agendas to which skills are attached, but the SSCs are not even at the table. That is a concern. I will point the finger back at myself, as the director of ConstructionSkills in Wales, as that may relate to my not putting my case forward to Government departments. There seems to be reluctance in some way, as we have not made the necessary representations, and could have done so, in order to assist certain Assembly Government departments. That is why I talk about finding our feet; we are both trying to navigate around what sector skills councils mean.

[137] In answer to your previous criticism of SSCs, as a result of the licensing process that we have been through, there are clear guidelines and benchmarks that show where we all need to be. We stand or fall by those. Doing that will allow us to be seen as more competent partners of departments whose communication has perhaps been lacking in the past.

[138] On innovative companies and procurement, Value Wales and i2i are doing significant work, and there are significant benefits from the creation of partnerships that look at procurement and at finding standardised procedures. There are still vagaries in local authorities—and Gareth has been a victim of this, in respect of constituents coming back to him—as there have been add-ons, such as having another quality check, for example, or a requirement to put another £50 or £150 into other quality checks.

[139] There is no standardisation. One of the industry’s big criticisms is that, with the PPQ, they have to fill in an endless number of forms, 34 pages of which are duplication, and only three to four pages are different for the job that they need to do. For a small business, the time that that takes is time when they are not running their business—they are filling in forms for contracts that may never come off, and that added cost, Christine, is a concern. That is why it came from the employers.

[140] One thing that I did not raise, but which is important to raise at this stage, is that the past six months have seen significant casualties in innovative companies that were looking at ground source pumps, solar panels and cutting-edge technology created and built mainly in mid Wales. For those companies not to have survived means that something is going wrong. We are saying that we are serious about creating green jobs and there are MDs in innovative companies coming forward, but the casualties are significant, and that is my concern about that situation.

[141] On low-carbon promotion, I think that it is understood, but the SMEs still do not know what it means to them. It is still seen as somebody else's problem, or something that they are told about. From our point of view and that of people in the Assembly who are driving this agenda, it needs to get down to a basic level with regard to what it means to SMEs. That is the situation facing the registered social landlords as well in terms of our tenants. They have the new technology now, so how do they use that effectively to reduce carbon emissions? I think that it is the same level for SMEs.

[142] In the bits of overregulation that were covered, there seem to be vagaries in some of the local authorities that—and I will use the Irish saying here—they want 'to be sure, to be sure' before somebody wins a contract. They tend to add something that is not really necessary, and then we cannot get that case. I am talking about the lack of consistency more than overregulation, in that there is not a standardised approach in procurement yet, although Value Wales is making significant inroads in that direction.

[143] **Gareth Jones:** That concludes this part of the session. I am very grateful to you, as, I am sure, are all my fellow Members. You highlighted key issues for us. They are important points that will feed into our deliberations and, hopefully, our recommendation at the end of all this. It is a challenging area, and we all understand that. We are grateful to you for sharing your perspective and bringing your dimension. It has been very helpful and interesting.

[144] Diolch yn fawr iawn i'r tri ohonoch. Thank you very much, all three of you.

[145] Symudwn yn awr i drydedd rhan, a rhan olaf, y sesiwn graffu hon ynghylch creu swyddi yn yr economi werdd. Estynnwn groeso cynnes y bore yma i Keith Jones, sy'n gyfarwyddwr Cymru, Sefydliad y Peirianwyr Sifil. Diolch yn fawr iawn ichi, Mr Jones, am eich tystiolaeth ysgrifenedig. Yr ydym wedi dosbarthu honno i'r Aelodau. A wnewch gyflwyniad byr o tua phum munud? Wedyn, cawn gyfle i ofyn cwestiynau.

We now move on to the third and final part of this scrutiny session on generating jobs in the green economy. We warmly welcome Keith Jones this morning. He is the Wales director of the Institution of Civil Engineers. Thank you very much, Mr Jones, for your written evidence. We have distributed that to the Members. Will you make a brief introduction of around five minutes? After that, we will have an opportunity to ask questions.

[146] Did you gather all that?

[147] **Mr Jones:** I have only just put on my headset, I am sorry.

[148] **Gareth Jones:** I extend a warm welcome to you. Thank you for your written evidence. We have received that and it has been distributed. We have read it with great interest. If you can present what you have to say within about five minutes, we will then have an opportunity to ask questions. Over to you.

[149] **Mr Jones:** Thank you for that.

[150] I will first of all give you an introduction to the Institution of Civil Engineers, so you will know who we are and what we deal with. We represent civil engineers in various grades across the world. Founded in 1818, we are the world's oldest and largest professional engineering institution. So, we go back a long way. We have 65,000 members in the UK, and I look after, at the last count, 3,508 across Wales. We effectively deal with the infrastructure, from roads, to dams, to bridges, to buildings and underground structures. That is who we represent.

11.00 a.m.

[151] The current recession has had a particularly negative impact on the construction industry. The slowdown in investment has affected infrastructure provision and maintenance. The greatest impact has been in the housing sector, but a lack of available funds has also affected other areas, to the extent that many companies in Wales have implemented short-time working and people have lost their jobs. Long-established companies have closed down and have moved out of Wales. Companies that were based in Cardiff bay, and others that had bases throughout Wales, are moving out. Some are even moving overseas. That has happened in areas that you would think would be quite buoyant. I can give you examples when required.

[152] Some are still buoyant and are doing well. Some of the money that is coming through is investment in rail infrastructure, which is reassuring, as that has a great impact on safety. There is flood defence work: £65 million is coming through to help companies that are working on inland and coastal flood defence works. That is reassuring, and it is nice to see that spread across Wales. I sit on the board that is helping with that.

[153] On the green economy, it is reassuring to see that Wales is taking the lead in setting the targets. We are working alongside the Welsh Assembly Government in doing that, and making sure that we have the necessary skills will be a challenge, given that people are losing their jobs. It takes a long time to become a professional civil engineer, and if we lose skilled people to other sectors, we find that they do not come back. Engineers start at university with a grounding in civil engineering, but half of those are lost to other industries, as they have learnt how to do things, where to get the information from and have project management skills.

[154] We support the Assembly Government, and we must create a green sector. We are aware of the change in people's hearts and minds. People now want to be greener. The younger community, and particularly our children, are already green; they are questioning their elders on why they continue to do certain things. We do not have to convince them; it is the long-established things that we need to change.

[155] We should focus on energy efficiency, the new infrastructure and the new ways of doing things. The problem is that there is a two-part approach to that with regard to procurement. There is a concern from the suppliers of funding as to whether that investment is correct, whether funding should be invested in new skills, and as to how long it should last. However, there are examples of innovative measures coming through.

[156] I have taken you through each sector. On energy and transport, we have to concentrate more on sustainable forms of transport, such as walking and cycling. Cycling will provide opportunities, but it is difficult as we all now rely on the car, and are used to travelling by car. A car will take us from where we want to go to where we want to go, and at the exact time that we want to go. So, we have to make sure that we have other modes of transport that are interlinked and green, otherwise the aspirations will be there but we will not be able to achieve them.

[157] Now that councils are unitary bodies, which is great to see—and my background is that I worked in a council—funds have to be sought for all aspects. There is competition from social services and education, as opposed to it being a case of counties doing one thing, districts doing another, community councils doing something else, and so on. Putting it all together means that everything has to compete. We find that people generally want investment in transport and in the infrastructure outside their homes, and yet, when they have an elderly aunt, they want it to concentrate on social services, and when their children are in school, it should be on education. Yet, the main spend is on education and social services, but if you ask people what they want, they want the road from where they live to where they want

to go to be repaired, maintained and to be safe. We have examples of innovative uses of transport, such as recycled aggregates. We are working with many sectors on that.

[158] On water, there are improvements to water and waste water infrastructure. We have already seen some large companies in the field of civil engineering design outsource to Indian call centres. That is a real concern to us. You would expect that investment in water infrastructure would create opportunities in this country.

[159] There are opportunities in respect of waste, which would go along with the green economy. We are keen to make sure that we can work with all sectors on that and that we achieve the stringent targets. We should continue to invest in the infrastructure; otherwise, we will find that it is not just a matter of new build, as with cancelling the M4 relief road. We recognise that that is a challenge, but unless we invest in the existing infrastructure in the country, pretty soon we will not be able to reach where we want to go or maintain our standard of living. We need to push that forward and make sure that there is a commitment to keep going.

[160] On valued professional qualifications, I mentioned that we represent civil engineers across Wales, including chartered engineers, incorporated engineers and engineer technicians. I see the value of professional qualifications increasingly being recognised. Perhaps people are fearful for the future of their companies and jobs, and they come to us to seek guidance. So, we would like to work with the Welsh Assembly Government to make sure that we can secure additional funding, and to make sure that we work together for the future—and may it be a green future.

[161] **Gareth Jones:** Thank you for that, Mr Jones. It was very wide ranging and covered a number of key issues. The first questions are from Nerys Evans.

<p>[162] Nerys Evans: Yr ydych yn sôn yn eich papur bod gwerth cymhwyster proffesiynol yn cael ei gydnabod yn gynyddol, a bod y niferoedd mewn colegau a phrifysgolion yn adlewyrchu hynny, ond nid ydyw oherwydd diffyg cyfleoedd yn y diwydiant. Yr ydych yn gofyn am gefnogaeth barhaol gan Lywodraeth Cymru am addysg bellach. Pa gefnogaeth a ydych am ei chael gan y Llywodraeth yn y maes hwn?</p>	<p>Nerys Evans: You mention in your paper that the value of a professional qualification is increasingly being recognised, and that the numbers in the colleges and universities reflect that, but that it is not because of a lack of opportunities in the industry. You are asking for continued support from the Welsh Government for further education. What support do you want to see from Government in this area?</p>
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[163] **Mr Jones:** We are seeing increasing numbers of students. In Cardiff University last year, there were more than 200 students following engineering courses. That is a phenomenal figure and causes concern. It causes technical problems, such as finding lecture rooms that are large enough. We think that it is a two-part issue. First, there is an increasing recognition of professional qualifications, and secondly, people are putting off the evil day when they have to go into real work, and they stay longer in education to get higher qualifications. We need to make sure that the jobs are there for when they finish. Increasingly, companies are not taking on young or partially qualified college students for training during the summer periods. Many degrees are now for three years, or four years with a year in industry. It is four years for a Masters degree, or five if you include a year in industry. We need to secure additional funds to make sure that the opportunities are there for students to have a year in industry during their course and their professional development in the college, as well as jobs when they leave. Some 200 students went to Cardiff University and some 120 or 130 to Swansea University to study engineering, and we do not want to find that, at the end of their four or five years, there are no jobs for them. That would be a disaster. There will be some loss or some leakage, if you like, and so that number of students will not be graduating from

university in four or five years' time, but we still need to make sure that there are jobs for them at the end of that period. That is what we are seeking, namely an investment in the infrastructure to keep it going.

[164] **David Melding:** You referred to assessing the carbon impact on the infrastructure and how we make our key decisions. How fit for purpose is it at the moment, and how well do you think that Ministers and we are informed when considering such decisions? Most people accept that we need infrastructure, but we may shift from roads to more cycle ways and pedestrian facilities. The carbon impact would affect developments such as the Severn barrage or alternative forms of energy. As for the green jobs strategy, do you feel that we have a fairly good system that accurately assesses the carbon impact?

[165] **Mr Jones:** Yes and no. In some sectors, it is certainly the case. So, some sectors are generating green jobs, such as renewable energy—and that is a clear link. However, in others, such as transport, that is not so much the case. There are examples of innovative approaches in the transport sector, to maintenance or new build. We recognise that new build is difficult because of the large sums of money involved, but if you assess the carbon impact of the transport infrastructure, that can be a problem. We need to make sure that the tenders are assessed by carbon footprint, as well as the other two tests of quality and cost. Perhaps it would be useful for you to take the lead in the tenders that you put out, by putting more emphasis on the carbon impact. Often, bids have to undergo huge tests before the tender stage is even reached. Perhaps that is the time to make sure that innovative approaches are included.

11.10 a.m.

[166] For example, we have a great supply of aggregates in Wales. In London, the situation is the total opposite: if you try to build a new road or reconstruct a road in London, you would have difficulty finding a quarry to supply you. In Wales, we are used to just calling on local quarries to supply the aggregates, and yet we have ready-made aggregates around us that we have not used, traditionally. More and more, we need to make sure that aggregates come from recycled sources and that old kerb stones, old bricks and whatever are recycled. There are concerns, and there are some things that you cannot recycle, as you do not know where they come from. Many years ago, in the 1970s, which is a long time ago, I remember that we were using slag, which can be difficult to use, yet we were using it for the roads leading to allotment sites. So, if you know what you are doing and you take care, you can use all these products. We have to make sure that we do not commit the mortal sin of taking away perfectly good aggregates and importing virgin aggregates. We also have to make sure that everyone is aware of this, and that we place it at the forefront of all our tenders.

[167] **David Melding:** That brings me nicely to my second point. Waste offers both threats and opportunities, to which you have just referred, but what would you say is the main thing that we need in Wales to weave this into a green jobs strategy? I put to the previous witnesses—and you may have heard my question—that there is a lack of waste disposal facilities for businesses. We are told that a lot of hazardous waste goes to Norfolk. If we are pushing for zero waste, it seems odd to me that we do not address that issue. However, it is your views that I want, rather than my own.

[168] **Mr Jones:** We are not helped by having 22 unitary authorities going into that. It is a challenge and an opportunity. Each of those authorities has a target for addressing the waste. Many councils do not have a waste disposal facility. We may well now say 'Good' because we do not want to see our waste buried in the ground. In Cardiff, we are seeing the tip down on Rover Way grow in height until it becomes more than just a feature on the ground. It is becoming a bit of a nightmare. We need to encourage the Assembly Government to ensure that there is collaboration and partnership working across all councils. The targets are set but are they translated into making sure that you can encourage—well, more than that: require—

collaboration? We can take a lead from the private sector. Clearly, it is there to provide the opportunities. We have a great example in this area of a number of councils working together on Prosiect Gwyrdd. Cardiff, Monmouthshire, the Vale of Glamorgan and Newport local authorities are all working together, but that can be stalled because each of them does not want a disposal facility. It will not be a tip, but do you really want a disposal facility sitting outside your backyard? It is really Nimbyism. We cannot continue to take our waste and bury it in the ground; that is not available and cannot carry on. We need to be innovative. We need to maximise the use of power and energy from waste supplies, but where can we put them? It is a clear challenge.

[169] **David Melding:** I presume that that is to get people not to overreact to some new technologies or advanced uses of things like incineration, which has been around for years. Local communities react very adversely to these things. Is that the sort of threat that you see for us, in disposing of waste?

[170] **Mr Jones:** It is a threat but it also provides opportunities. The threat is the attitude of 'Not in my backyard', but the opportunity is that there are places where these can work quite adequately and can, in fact, supply heat and energy to local communities, as long as the planning conditions are set and regulated to the right level. At the same time, we now have a speedy process for getting through the new planning requirements. The concern may well be about losing direct control over planning applications in Wales, but up until now, you have had total control. If it is lost to a central planning commission somewhere, and the decisions are overturned by a Westminster body, or perhaps a body coming out of Norfolk, we clearly will have a problem. However, there are opportunities there to get everyone working together.

[171] We have particular problems with food waste. Each council does its own thing. Regardless of whether you live in Cardiff, Newport, the Vale of Glamorgan or up in north Wales, each and every council has a different coloured bin and a different way of dealing with waste. You could have a green, brown or black bin; sometimes you get little caddies or bags, and some councils have open bins. That cannot be correct. If we are taking the lead on waste in Wales, we must set the standards and make them more than guidelines. I am sure that you have got the powers to do so. You need to pull things together.

[172] **Christine Chapman:** Keith, you made an interesting comment earlier about the fact that young people seem to be driving the green agenda. I agree with you.

[173] **Mr Jones:** I saw you nodding at the time.

[174] **Christine Chapman:** Yes. I think that this could be an opportunity. If young people are talking about this in school, could we do more to link this with the economy? If they are demanding or looking for university places related to the green economy, should we make a firmer recommendation on this? Should we use the enthusiasm of young people, which could possibly generate more demand for those skills further down the line?

[175] **Mr Jones:** Certainly. In my former job, I worked with a number of schools, promoting project Green Dragon. The response from the school depended on the teacher the school had allocated to the scheme. The headteacher would direct you to the teacher, who would be, for want of a better word, the school's green 'champion'. Depending on how committed he or she was, you either had total support or an absolute lack of support. We need to work more with schools, because children are our future and we need to change their hearts and minds—actually, they are already on board and cannot really understand why we are throwing things away and why we are not doing more. They are our ambassadors, if you like, to ensure that the older generations are also committed to this. So, yes, we do need to do more and I would encourage that. In my last job, we were working with the education teams of councils and we would get very variable responses. So, there is a link between the schools,

the education departments of councils and what we should be doing on the green economy.

[176] **Christine Chapman:** May I add something quickly? We now have the 14-19 learning pathways curriculum, which should be much more helpful to civil engineering in general. As an industry, how much involvement do you have with the 14-19 learning pathways? The green economy could also be a part of that. Where do you think we are with that? Does it need to be improved?

[177] **Mr Jones:** We are doing very well in Wales. The Institution of Civil Engineers has a clear policy on 14 to 19-year-olds. For example, as civil engineers, we have three model bridges that we take around schools for the children to build. They are not little things, either—they would not fit into this room, for example. They are 15 metres long and are put together in conjunction with ConstructionSkills—and I saw that Wyn was here before me. There is a good partnership between Careers Wales, which gets the funding to the schools, and ConstructionSkills, which works with our ambassadors to take the bridges around schools to show the children what an engineer does. In reality, the teachers do not know what an engineer does. It does not help that British Gas advertisements state that an ‘engineer’ will call to repair your boiler and so on. No, he will not, with all due respect—a plumber will repair your boiler. A civil engineer is the man who designs your bridge, or the young lady who has just designed the new Severn barrage. So, we need to get the message across of what an engineer is.

[178] So, we work with schools and we attend careers events. We also have a number of engineering games that we take into schools. Increasingly, we are developing those games into green games so that they can understand the link between engineering, mathematics and technology, to get that understanding into classrooms.

[179] We are working well in north Wales. The Wrexham science festival is a great opportunity to get a large number of the schoolchildren and schools to attend engineering events. However, it has been a long time since there was a Cardiff or Swansea science festival. Something has happened there, and it has fallen apart. We can work on that to get it going again. We take our bridges and games to the eisteddfod and we take them across the country, but it depends on approaches from the schools. I am fortunate that both my son and daughter-in-law are mathematics teachers; they recognise the career links and we ensure that the bridge goes into those classes. Very often, careers teachers in schools do not know what an engineer is, far less a civil engineer. So, it is an opportunity that we need to work on.

11.20 a.m.

[180] Turning to the green economy, there are clear opportunities for engineers—civil engineers in particular, because that is the profession that I am representing today. We need to get the message across that we engineers influence, affect, design, build, maintain and manage the infrastructure. Going forward, we need to concentrate on changing to a green economy.

[181] **Jenny Randerson:** I would like to take you back to what you were saying about the popularity of engineering courses at university. You implied in your comments that we could be in a position, in a few years’ time, of having surplus engineers. I would like to query that, because a witness who gave evidence to this committee a few weeks ago said that, across the UK, we needed around 300,000 engineers.

[182] **Gareth Jones:** It was 600,000.

[183] **Jenny Randerson:** It was a phenomenally large number of additional engineers. The implication was clear that, unless we manage to persuade very many more people to become

engineers, we would have a serious skills deficit and we would not be able to create a more prosperous economy in the future. I would like your comments on that.

[184] I also want to take you back to what you said about planning, because your written evidence refers to the need to align the planning system in Wales to ensure that the carbon impacts of infrastructure projects are taken into account as part of the planning process. That seems a little bit counter to the way in which you welcomed what some see as the simplification of the planning process, which I feel could well be the trampling over of local views and opinions—however, we will not go into that. What I am interested in is what you had in mind when you wrote that in your evidence about taking the carbon impact into account. How could the planning process do that?

[185] **Mr Jones:** I will answer your second question first, if you do not mind. I am aware of the new, speedy process for dealing with planning applications. When I was asked by our central office in Westminster to comment on that, I voiced my concerns, because I saw that we in Wales could find ourselves being overruled by someone who has no idea of the local policies, planning processes or the communities that would be affected. So, yes, we need to take account of the carbon footprint and infrastructure and ensure that the way that we build things and infrastructure keeps abreast of our aspirations, rather than the traditional methods that are long tried and tested. We need to move forward. For example, in relation to most of our infrastructure in the housing sector, we have aspirations to achieve high standards on new build, but new build represents a tiny percentage of the total housing and commercial stock. We need to address how we will get old, leaky, draughty buildings up to the modern standards. That is an area where we can take account of the carbon footprint.

[186] To answer your first question, when I joined the institution as director some two years ago, we had just published a skills analysis and there were clear skills shortages. We explained how long it takes to develop an engineer. With a masters degree—the MEng is traditionally what you need to become a chartered civil engineer—you have four years in college, four years training and then a further year. So, you are talking about nine years at the very least before you can become a chartered civil engineer. We said that we need to encourage and develop those skills.

[187] My concern is that many companies are making their first cuts in the ranks of young engineers. For example, at Atkins and Arup, which are larger, international companies, new graduates are losing their jobs as well as the seniors. Those in the middle appear to be doing okay. We are an ageing profession, so we are finding that we need to bring more people in, but by bringing 200 people to Cardiff University, unless the graduate jobs for them exist in three years' time—because this started a year or two ago—what will they do? They will turn elsewhere and we will lose them from civil engineering.

[188] We are facing a quandary. We need engineers to be able to address the real design, building and construction issues that we need to ensure that we keep abreast of. However, at the same time, we must ensure that the opportunities exist. It is a dual problem and we will find that, if we lose all the young graduates and then there is growth as we get over the recession—it appears to me that there is a lag in civil engineering—it will hit home. I am seeing reports nationally that the recession is over, which is great and we are working hard, but engineers at Atkins, Arup and so on are now facing losing their jobs.

[189] Why is Atkins outsourcing its traditional sewage development work, mainly dealing with waste water, to India? What an absolute nonsense. Atkins is blaming its clients, but what is happening is that it is seeking more economic ways of doing things, which is translating into moving jobs elsewhere. So, if you are a young guy who thought that you could have a job in Atkins when you come out of college next year, you will not get one. The jobs will not be there. We need to ensure that real jobs, not Mickey Mouse jobs, are available. We are even

suggesting that people should consider working at reduced rates just to get a job. That is difficult, because it will have the effect of devaluing our professional skills, and we cannot afford to do that. If you came out of college with many thousands of pounds of debt, you would not want to work for nothing.

[190] **Gareth Jones:** On that note, I thank you for your presentation, Mr Jones, and for sharing with us your concerns and your point of view on various aspects pertaining to the green jobs economy. We all understand, and are supportive of, this demand for engineers and ensuring that there is work for them. The difficulty is that 'green jobs' is an easy term to use, but it is about analysing that and trying to forecast where that need will arise. As we prepare our engineers, they will need flexibility in their studies, because we do not know what direction events will take in the future. However, you have brought to our attention key issues of which we should be mindful. I have found, and I am sure that my fellow Assembly Members would agree, that this has been an interesting session.

[191] **Mr Jones:** There is a clear link between the economy and infrastructure, and we need to work together.

[192] **Gareth Jones:** Thank you for that.

[193] Dyna ddiwedd y sesiwn graffu. Cyn symud i sesiwn breifat, mae papurau i'w nodi: 'Creu swyddi yn yr Economi Werdd—Coleg Glannau Dyfrdwy' a chofnodion y cyfarfod blaenorol. That draws our scrutiny session to a close. Before moving into private session, we have papers to note: 'Generating Jobs in the Green Economy—Deeside College' and the minutes of the previous meeting.

11.29 a.m.

Cynnig Trefniadol Procedural Motion

[194] **Gareth Jones:** A wnaiff un o'r Aelodau gynnig ein bod yn symud i sesiwn breifat? **Gareth Jones:** Will one of the Members propose that we move into a private session?

[195] **Nerys Evans:** Cynigiaf fod **Nerys Evans:** I move that

y pwyllgor yn penderfynu gwahardd y cyhoedd o weddill y cyfarfod yn unol â Rheol Sefydlog Rhif 10.37(vi). *the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order No. 10.37(vi).*

[196] **Gareth Jones:** Gwelaf fod y pwyllgor yn gytûn. **Gareth Jones:** I see that the committee is in agreement.

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 11.29 a.m.
The public part of the meeting ended at 11.29 a.m.*