



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

**Y Pwyllgor Cyllid
The Finance Committee**

**Dydd Iau, 24 Medi 2009
Thursday, 24 September 2009**

Cynnwys
Contents

- 3 Ymddiheuriadau a Dirprwyon
Apologies and Substitutions
- 4 Cyllideb Atodol Llywodraeth Cynulliad Cymru 2009-10
Welsh Assembly Government Supplementary Budget 2009-10
- 14 Goblygiadau ariannol y Mesur Arfaethedig Cludo Gwastraff i'w Adfer (Ymgysylltiad
Cymunedau â'r Trefniadau) (Cymru)
Financial Implications of the proposed Shipment of Waste for Recovery (Community
Involvement in Arrangements) (Wales) Measure
- 24 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 pwyllgor yn bresennol
Committee members in attendance

Mohammad Asghar	Plaid Cymru The Party of Wales
Angela Burns	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Committee Chair)
Alun Davies	Llafur Labour
Chris Franks	Plaid Cymru The Party of Wales
Ann Jones	Llafur Labour
Huw Lewis	Llafur Labour
Nick Ramsay	Ceidwadwyr Cymreig Welsh Conservatives
Joyce Watson	Llafur Labour
Kirsty Williams	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats

Eraill yn bresennol
Others in attendance

Piers Bisson	Pennaeth Cynllunio Ariannol, Llywodraeth Cynulliad Cymru Head of Financial Planning, Welsh Assembly Government
Dr Christine Daws	Cyfarwyddwr Cyllid, Llywodraeth Cynulliad Cymru Director General, Finance, Welsh Assembly Government
Nerys Evans	Aelod Cynulliad, Plaid Cymru Assembly Member, The Party of Wales
Graham Winter	Gwasanaeth Ymchwil yr Aelodau Members' Research Service

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

John Grimes	Clerc Clerk
Catherine Hunt	Dirprwy Glerc Deputy Clerk
Dr Eleanor Roy	Gwasanaeth Ymchwil yr Aelodau Members' Research Service

Dechreuodd y cyfarfod am 1.30 p.m.
The meeting began at 1.30 p.m.

Ymddiheuriadau a Dirprwyon
Apologies and Substitutions

[1] **Angela Burns:** Good afternoon. I welcome everyone to the Finance Committee on Thursday, 24 September. I welcome you all back to this new session. I particularly welcome Cath Hunt, our new deputy clerk, and Ryan Bishop, our new assistant deputy clerk, who will generally help us out in all manner of ways. Welcome to the team. I also welcome Christine Daws and Piers Bisson, who are here on behalf of the Welsh Assembly Government. Before

we start the meeting, I remind you that you are welcome to speak in Welsh or English and that there are translation facilities. I request that you switch off all mobile phones, BlackBerrys, iPods and any other technological gadgetry that you may have about your person. If the fire alarm sounds, please follow the ushers and do whatever they ask of you. We have received no apologies or substitutions, so we will proceed with the first item.

Cyllideb Atodol Llywodraeth Cynulliad Cymru 2009-10 Welsh Assembly Government Supplementary Budget 2009-10

[2] **Angela Burns:** We will be examining the Welsh Assembly Government's supplementary budget, which is the start of our annual budget round. For the record, I ask you to introduce yourselves.

[3] **Dr Daws:** I am Christine Daws, director general, finance, for the Welsh Assembly Government.

[4] **Mr Bisson:** I am Piers Bisson, head of financial planning.

[5] **Angela Burns:** Thank you very much for coming and I thank the Minister in absentia for the support that he has given on this. I know that he would have liked to have been able to be here and I appreciate that, but, while I talk about the Minister, I would like to ask you a question. In July, when the supplementary budget was laid, I wrote to the Minister requesting that the ministerial expenditure group table should accompany the budget proposals. I received a response on 15 September stating that you provided MEG tables broken down to the level of the spending programme area, similar to those provided in the supplementary budget of 2008-09. I would like to take this opportunity to point out that the 2008-09 tables provided a breakdown at the budget expenditure lines level rather than the MEG level. When we come to look at the budget over the next few weeks, will we be able to have the information at the lower level, as we have had in previous budgets, because we consider that essential to affording proper scrutiny?

[6] **Mr Bisson:** We are looking to develop not just the SPA tables, but also a set of tables underpinning that. As we mentioned to advisers, we are looking at a restructured format for the budget this year, so there will be a lower level of detail.

[7] **Angela Burns:** I want to make it clear that I have said publicly and on the record that we appreciate the transparency that has come into the budgetary process over the last couple of years. That is very welcome, but I do not want to lose the level of detail, because all that would mean is that we will ask you millions of questions, because we will have lots of questions from the other committees. So, I urge that, when the budget is laid, which I think is 6 October, it will be to that level.

[8] **Dr Daws:** We have restructured the budgets. We are now calling the lower level 'activities', because we are trying to link budget lines to outcomes. So, all the budgets have been restructured, but we will try to provide you with a reconciliation of the old format to the new format. We are busy working on that at the moment. We are keen to maintain transparency.

[9] **Ann Jones:** The additional allocations to the Welsh block and the end-of-year flexibility draw-down detailed in the supplementary budget have not been formally authorised by Parliament as yet. Can you confirm that those changes have been approved in principle by the Treasury?

[10] **Dr Daws:** Yes, otherwise we would not have put them in place, but we need to remind everyone that we will always be out of sync, because things get published in July and

we have to wait until next July, so it is a function of the timetable with the Treasury as to why we are not getting things published. The pre-budget report last year was late, which is why a number of changes now have to be reflected in the supplementary budget rather than coming through in the final budget. I wanted to say at the start that I remember coming to talk about a supplementary budget at year end and being embarrassed because things that we had agreed at the beginning of the year, on which people had been spending money all year, were not coming to you for scrutiny until the year end. So, we have tried hard, where there have been large allocations at the beginning of the year, to put them into the supplementary budget to give you transparency. The whole purpose of doing that was to make it easier for you to see what was happening with the resources, so it was not in any way trying to mislead you. To be more helpful to this committee, we have had to include things that have not been published in Treasury figures, but we agreed with the Treasury that we would do that.

[11] **Angela Burns:** Thank you for that. In my keenness to get through all our questions on the supplementary budget, I have omitted to ask whether you wanted to make an opening statement on this, for which I apologise.

[12] **Dr Daws:** That is fine. I just wanted to make clear to the committee that we are trying to improve the transparency of the process. We waited to publish in July until we received the Treasury's main estimate, which was published in June.

[13] **Joyce Watson:** It is stated in the explanatory note that there are additional consequentials from the UK Government of £53 million. Can you provide any detail or breakdown as to where the consequentials come from?

[14] **Mr Bisson:** The consequentials, or the £53 million figure referred to, comprise consequentials arising from the UK budget announcements, which are by far the majority of them, at some £46 million. A range of small consequentials or transfers have also happened between the pre-budget report last year and the UK budget, and they account for the remaining £6 million or £7 million. Those would include the transfer of funding in respect of responsibility for prisoner education, for example, or the consequential on the home energy efficiency scheme, which are both referred to in the explanatory note.

[15] **Joyce Watson:** The budget states that, of the £154 million added to the Welsh block, £53 million is additional consequentials and the remainder is drawn down from end-year flexibility and capital that has been brought forward. Can you clarify how much of the remaining £101 million is from end-year flexibility and how much from capital brought forward from 2010-11?

[16] **Dr Daws:** We have not yet finalised those figures. We are still working through the balance of how much would come from end-year flexibility and how much would be brought forward of capital. We do not have to finalise those figures with the Treasury for another few months, so we would let you know the next time we brought a supplementary budget through. We have sufficient draw-down of capital EYF, and we have given some indicative figures to the Treasury, but we will be firming those up over the next few months. We are just trying to make the best use of the resources within Wales.

[17] **Nick Ramsay:** Good afternoon. On EYF, I want to ask you specifically about the public expenditure outturn White Paper for 2008-09, within which a total of £970 million is outlined in the end-year flexibility stocks available to you. Can you provide us with a breakdown of the stocks available following the draw-down process?

[18] **Dr Daws:** Do you want me to do that now or do you want us to provide it to you in writing? Approximately half the stocks relate to non-cash, which is a figure that we have presented before. Some of the revenue and some of the capital relate specifically to

provisional figures in the accounts for 2008-09, so they are still only provisional figures. The remaining figures are figures that I believe we have published before, actually.

[19] **Mr Bisson:** So, of the £970 million in total, £470 million, which is nearly half, is non-cash, £269 million or thereabouts is near cash and £230 million is capital. The capital is used for the strategic capital investment framework.

[20] **Nick Ramsay:** Can you give us that in detail in writing?

[21] **Mr Bisson:** The breakdowns for the non-cash, near cash and capital were included in the Minister's letter to the Chair earlier this month. So, if that has come across, great, but if it has not—

[22] **Angela Burns:** I can share that with you, Nick. I will send it around to everyone.

[23] **Kirsty Williams:** Previously at the committee, it has been stated that it was the intention of the Minister for Finance and Public Service Delivery and yourselves that the remaining £112 million available to be drawn forward from 2010-11 would be allocated in 2009-10. However, my reading of the figures here is that the full amount available has not been brought forward. Can you confirm whether that is the case and give any reasons for that?

1.40 p.m.

[24] **Dr Daws:** We have not yet agreed a final figure. The intention is that we will spend the money that we have identified. The question is the source of that money and whether we will use the end-year flexibility money or bring forward the capital. The balance of that we have not decided, but the figures that we intend to spend are indicated in the tables.

[25] **Kirsty Williams:** So, the figures are what the ultimate spend will be, but the issue is from which pot of money that will be achieved, yes?

[26] **Dr Daws:** That is right.

[27] **Kirsty Williams:** When will you be in a position to make up your mind on which money will be spent and which will not?

[28] **Dr Daws:** We will be working through that over the next two months. When does the Treasury next require figures, Piers?

[29] **Mr Bisson:** It usually does estimates around December and then around February. Those are the times when we will need to finalise our balance between EYF and brought-forward capital.

[30] **Kirsty Williams:** This is the first year in which I have taken such a keen interest in the workings of the Finance Committee, so forgive me if this is a question that has been asked before. What will the impact be on the capital budget for 2010-11 as a result of capital allocations that have been brought forward?

[31] **Dr Daws:** We will indicate that in the draft budget when it is published on 5 or 6 October. We will make the impact of the change between 2009-10 and 2010-11 very transparent. That will be clear in the tables.

[32] **Kirsty Williams:** Recently, the First Minister has made representations to the Treasury requesting an additional £100 million in capital funding. Can you give us an insight into the advice that you provided to the First Minister on the necessity for such a request?

[33] **Dr Daws:** The advice would have been specifically about the recession and economic advice. It was not specifically advice from the finance department.

[34] **Angela Burns:** Oscar has some questions on reserves.

[35] **Mohammad Asghar:** Of the additional £204 million allocated in the supplementary budget, £52 million has been drawn from reserves. That leaves an unallocated reserve of £130 million—£81 million in revenue and £49 million in capital. What is the intention in respect of the future allocation of these reserves?

[36] **Mr Bisson:** The capital reserves, as indicated in the table, are held primarily for the strategic capital investment framework. The revenue reserves will be allocated later in the year as a result of emerging events, responding to contingency pressures, and, as resources allow, strategic allocations, which would be the subject of a further supplementary budget.

[37] **Angela Burns:** Huw has questions on the supplementary budget with regard to health and social services.

[38] **Huw Lewis:** Good afternoon. My first question refers to the explanatory note, which tells us that there is an additional £31 million in revenue allocated for action on waiting times and

[39] ‘broader support for the health service’.

[40] Can you give us some kind of handle on what the expected improvements in waiting times would be as a result of this kind of spend? Can you provide more detail on what constitutes broader support for the health service?

[41] **Mr Bisson:** On waiting times, from memory, the commitment is that the target date is December 2009, and therefore the additional allocations in respect of waiting times would help to maintain progress beyond that period over the rest of the financial year. On what constitutes broader support for the health service, we are aware of a range of pressures, and an example might be Lucentis or eye care. An amount was allocated in respect of health service pressures, so the broad breakdown of that £31 million was about £21 million for waiting times and the remaining £10 million for broader support.

[42] **Huw Lewis:** The explanatory note also mentions an allocation of £9 million in capital to support the development of health services in north and south Wales. What are we talking about there exactly?

[43] **Mr Bisson:** I understand that facilities are being taken forward under that allocation. I do not have in-depth details here, but they are facilities in Prince Charles Hospital in the south, and a hospital in the north.

[44] **Huw Lewis:** It also mentions the health spend in relation to the acceleration of capital projects. It is £29 million, if I am right, for the health and social services spend. Can you give us more detail on specifically which projects we are talking about there?

[45] **Mr Bisson:** The projects being looked at included developments in Glan Clwyd Hospital, the Cardiff and Vale NHS Trust, the ambulance service, Gwynedd, and Abertawe Bro Morgannwg University NHS Trust.

[46] **Dr Daws:** There was a mixture of hospitals in the programme to enable things to move more quickly. That was the whole point of bringing it forward. The money was applied

to several different schemes, as Piers was outlining.

[47] **Huw Lewis:** So, this is not just a bricks-and-mortar spend; we are also talking about capital.

[48] **Dr Daws:** It is capital spend.

[49] **Huw Lewis:** Yes, but when you mention the ambulance service—

[50] **Dr Daws:** That would possibly have been equipment, or was it ambulances? I am not sure.

[51] **Mr Bisson:** It might have been supporting IT equipment, which would count as capital.

[52] **Huw Lewis:** I think that we are all concerned about the intended effect of the acceleration of capital projects—in other words, the economic spin-off, the boost to the economy through careful procurement measures, and all that part of the package. I realise that this is getting into detail that strays into the Minister's portfolio, perhaps, but we are all anxious that that acceleration should work.

[53] **Dr Daws:** We are trying to evaluate that, to find out the answer to precisely that question, ready for the economic summit.

[54] **Huw Lewis:** When is the next economic summit?

[55] **Dr Daws:** It is soon, is it not? I think that it is some time in October.

[56] **Angela Burns:** Could we have a note with some more detail on that as well?

[57] **Dr Daws:** Yes.

[58] **Chris Franks:** I am sure that we all welcome the additional capital spend, but we all know that it can be difficult to spend capital sometimes. You have mentioned Prince Charles Hospital and possibly Glan Clwyd Hospital. Is the money already allocated to their respective trusts, and are they progressing with their schemes, or will the money be made available to them between now and November? What I am trying to understand is how they will spend these quite large sums of money. I can imagine that, if they are buying equipment, that could happen quite quickly, but if it is bricks and mortar, as Huw just described, are you confident that the money will be spent this financial year?

[59] **Mr Bisson:** The answer is 'yes', because the officials who monitor the capital investment programme across health look carefully at the multi-annual plans, and, when thinking about projects that might be brought forward, deliverability is a key criterion. I do not imagine that it would be brought forward on a speculative basis; there would be confidence in bringing it forward that it could be delivered.

[60] **Chris Franks:** Could you give me some examples of what can be delivered?

[61] **Dr Daws:** That is what we are saying: we will try to give you a note about the information that we are collecting specifically on the impact of some of this. We will have allocated it to the health main expenditure group, and health officials then monitor, on behalf of the Assembly Government, how that money is spent, and whether it goes to individual trusts. I think that the relevant meeting was this afternoon, and I had to miss chairing it, but I have regular meetings with all the officials in different parts of the Assembly who specifically

monitor the capital to get the answers to the very questions that you are asking me. As I recall, the meeting was this afternoon, and I had to ask someone else to chair it while I am here.

1.50 p.m.

[62] **Chris Franks:** I look forward to receiving that information.

[63] **Angela Burns:** Huw, have you finished on health?

[64] **Huw Lewis:** I have one more question, Chair. The supplementary budget mentions an annually managed expenditure allocation of £44.2 million for health and social services—although I am not too sure about that figure. My brief mentions £44.2 million but the explanatory note mentions £40 million, but I hope that you get the drift of the sum that I am talking about. It is stated that it will be for NHS capital charges. Why was this sum not mentioned at the time of the final budget?

[65] **Mr Bisson:** In relation to the capital charge in respect of health, we would have looked at the treatment of capital charges resulting from impairments, and that was not finalised until after the final budget was put forward and then approved. So, that is another example of something that happened following the pre-budget report and could not be incorporated before the final budget. So, we would include it at the first opportunity.

[66] **Huw Lewis:** In fairness, £44 million or £40 million is quite a hefty sum. Could you explain what you mean by ‘impairments’?

[67] **Dr Daws:** An example in health is that, as we are building the new hospital in Caerphilly, for example, several smaller hospitals are closing, and the impairment is the difference between their book value and the value of them when they are sold. That impairment goes through AME rather than through the departmental expenditure limit as the cost of capital. Those are the rules that the Treasury has for when you are going to dispose of something for which the book value has changed. There are several areas like that.

[68] During the process of restructuring, we are looking at all of the assets in the health service, and several such things are coming to light. We are regularising it.

[69] **Huw Lewis:** So, these are estimates that have gone slightly awry.

[70] **Dr Daws:** There is a capital charges regime. The values are supposed to be updated on a regular basis, but what is the market value of a health service asset when it is in use in the health service as opposed to that when you sell it off as land for building on or whatever? The two values may not coincide in that sense when you come to sell it. So, there is a difference between the two, and if it goes down, it is an impairment and, at that point, there is an AME charge to the accounts, and that money is drawn from annually managed expenditure.

[71] **Angela Burns:** Are you happy with that?

[72] **Huw Lewis:** Yes, that makes sense.

[73] **Angela Burns:** I understand that there are no changes to the social justice and local government spends. Alun, you wanted to tackle economy and transport.

[74] **Alun Davies:** I should apologise for my lateness. I am also attending a legislation committee at the moment.

- [75] **Angela Burns:** You are multitasking.
- [76] **Alun Davies:** On the economy and transport, the question screaming out at me is whether the £129,000 that you are going to spend investigating International Business Wales is going to appear in any budget at any point? That was reported in the papers this week.
- [77] **Dr Daws:** It will certainly not be reflected in the supplementary budget, because this was tabled in July.
- [78] **Alun Davies:** I know that, but will it appear in any budget? Will you be budgeting for it?
- [79] **Angela Burns:** Does International Business Wales come under the standard Welsh Assembly Government budget process?
- [80] **Dr Daws:** We will fund it out of the central administration budget.
- [81] **Angela Burns:** So, we should be able to see it in the budgets that are laid.
- [82] **Alun Davies:** You have £17 million for the acceleration of capital projects. Could you outline which of those projects are being brought forward and what you expect the economic impact of bringing them forward will be?
- [83] **Mr Bisson:** In the note that we are looking at, it would pick up the ultimate impact on outcomes, employment and so on. Some of the different projects include the various schemes that are being accelerated on the motorway and trunk road network, and safety improvements. We are looking to upgrade the highway in the Pembroke Dock area, there are some regeneration projects in north Wales, and there are infrastructure works going on around Felindre. So, a number of different projects are coming forward. Those are some examples right across transport, economic development and from part of the main expenditure group.
- [84] **Alun Davies:** Could you list those for us, and perhaps give us a note in writing? It would be interesting to see that.
- [85] **Angela Burns:** The committee is very interested at present in the capital spend, generally, across all Government portfolios. We are glad of any opportunity to get a bit more information on where the capital programmes are, as that is of great interest in the work that we are currently doing.
- [86] **Alun Davies:** It is also interesting for us to know which projects are at a stage to be brought forward, as that has been an issue that we have addressed over the last few months.
- [87] With regard to what we are discussing this afternoon—we have just been discussing property impairment charges—this budget seems to show a £60 million property impairment charge. Could you outline what that relates to?
- [88] **Mr Bisson:** It is similar in concept to what Christine was talking about in relation to the NHS portfolio. Regular reviews are undertaken of the Department for the Economy and Transport property portfolio. A review recently suggested that the impairment on revaluation of the property portfolio as a result of the economic downturn, with land prices falling, led to an impairment charge of £60 million, I believe it was.
- [89] **Alun Davies:** Does the impairment charge become real if you dispose of a property, or is it a charge that appears on the books, whether that property is disposed of or not?

[90] **Mr Bisson:** It would appear in relation to the value that you would attach to the property, but it would only translate through to a cash hit if you disposed of the property when the market had fallen. So, if the market recovers in the next year or two, for example, you would not expect to see as many impairments, because land prices would be rising.

[91] **Alun Davies:** So, it reflects the value of the estate, as an ongoing structure of Government.

[92] **Mr Bisson:** Yes.

[93] **Chris Franks:** Why do you go to the effort of working it out if you are not going to dispose of the property? There is presumably a cost to working it out.

[94] **Dr Daws:** It is only right that we should account for it in a commercial way, and that is what we have done.

[95] **Angela Burns:** It is standard accounting practice.

[96] **Dr Daws:** Yes, it is.

[97] **Chris Franks:** You do not do anything with that information, do you?

[98] **Dr Daws:** We do. We use it to account for this; it appears in the accounts.

[99] **Angela Burns:** I would hate for this committee to encourage the chief financial officer of the Welsh Assembly Government not to adhere to standard accounting practice.

[100] **Chris Franks:** I was just testing them, Chair. *[Laughter.]*

[101] **Alun Davies:** It is interesting, because we do need to know the value of the Government's estate. I would not suggest for a moment that we do not need to know that.

[102] **Dr Daws:** The important thing is that because it is a charge to AME, at least it is not a charge against the money that we control to be spent on services.

[103] **Alun Davies:** The management of that estate might be an interesting issue for us to address at some point, because it is a considerable estate, with economic and other impacts across the whole of Wales. The management of that estate is a considerable issue, which might make a useful subject for an inquiry in the future.

[104] **Angela Burns:** I think so. As I have asked you for various notes, I was going to ask at the end whether we could have just one note on all the capital projects that have either been brought forward or could be brought forward. If we can bring them forward, that would create more jobs and so on. So, that would be useful, and something that we would like to be able to see. I will save that exact sentence until we have been through the last few questions, because I think that it comes up in the next few ones as well.

[105] **Dr Daws:** The final inquiry that you were talking about would not be something that you would expect the two of us to be involved in. That would be for the economic development department.

[106] **Angela Burns:** Yes, absolutely.

[107] **Angela Burns:** Oscar, I think that you are going to tackle the budget of the

Department for Children, Education, Lifelong Learning and Skills.

[108] **Mohammad Asghar:** I am sure that the financial heads are doing their jobs prudently anyway. The budget details a transfer of a reserve of £2.7 million from the UK Government in respect of prisoner education. Could you explain further the nature of this consequential?

2.00 p.m.

[109] **Mr Bisson:** There is a transfer from the UK Government across to us in respect of providing education for inmates in prisons in Wales—Cardiff, Swansea, Usk and others. It provides things like the salary costs of people who would be training the prison population; it would be in respect of support materials, courses, course enrolment fees and so on.

[110] **Mohammad Asghar:** Sport and education are different.

[111] **Mr Bisson:** I am sorry, support.

[112] **Mohammad Asghar:** Okay. In the explanatory note, you state that the additional capital allocation will support the new campus at Ebbw Vale and strategic restructuring in further education. Can you provide further details as to the details of the nature of such restructuring?

[113] **Mr Bisson:** The additional CELLS money will be £12 million in respect of new allocations. Apart from the learning campus at Ebbw Vale, there were facilities in respect of Coleg Menai, capital works at Coleg Llandrillo and Coleg Meirion-Dwyfor. There were also some other planning works in respect of other FE colleges.

[114] **Angela Burns:** Alun, do you have a supplementary question on this point?

[115] **Alun Davies:** Yes. Could you give us a timeline for the £12 million that you will be spending on a new learning campus at Ebbw Vale?

[116] **Mr Bisson:** The £12 million relates to this financial year.

[117] **Alun Davies:** This present financial year?

[118] **Mr Bisson:** Yes. The £12 million that has just been outlined relates in particular to the Ebbw Vale learning campus. I have also mentioned some other examples. I do not have a timeline for the full project.

[119] **Alun Davies:** You said that £12 million is being spent in this financial year with the supplementary budget, so what was the original budget that was to be spent in Ebbw Vale in this financial year?

[120] **Mr Bisson:** I do not have that figure with me, I am afraid.

[121] **Dr Daws:** Neither do I.

[122] **Alun Davies:** Could you provide the committee with a note?

[123] **Dr Daws:** We will need to go back to DCELLS for that. We can do that.

[124] **Angela Burns:** Thank you.

[125] **Mohammad Asghar:** The explanatory note details a £25 million acceleration of

capital projects. Specifically, what projects are to be brought forward and what are the expected economic benefits of accelerating these projects?

[126] **Mr Bisson:** The expected economic benefits would be the subject of the note that we talked about in respect of other portfolios. As for the breakdown of that £25 million, it spans schools, further education and higher education; a range of projects in the different sectors.

[127] **Angela Burns:** I am sure that you can see a theme emerging in our questioning. If you could cover all of that on a note, it would be very helpful.

[128] With regard to the extra consequential that was given to us for education in prisons, what happened at the UK level that allowed us to have that consequential?

[129] **Mr Bisson:** It was a transfer rather than a consequential.

[130] **Angela Burns:** Was it? Okay.

[131] **Mr Bisson:** The UK Government transferred policy responsibility from the relevant department to us.

[132] **Angela Burns:** Thank you. Nick, I think that you were going to tackle the environment—single-handedly.

[133] **Nick Ramsay:** Yes, the environment, sustainability and housing. It will be a similar question. There is an extra £3 million for home energy efficiency and £12 million for the delivery of affordable housing. Can you provide further details of the benefits expected from these additional allocations, or do you need to provide a note?

[134] **Mr Bisson:** It would cover the same territory as for the wider note. With regard to home energy efficiency, a similar allocation was made in the supplementary budget last year and reflected an announcement in the pre-budget report last November. The additional allocation of £12 million is split between housing and energy efficiency loans in the public and private sector.

[135] **Nick Ramsay:** You can probably guess my next question. [*Laughter.*] It is on the acceleration of capital projects.

[136] **Alun Davies:** May I ask a question before we leave affordable housing? What will the £12 million for affordable housing lead to for our constituents?

[137] **Mr Bisson:** A sum of £12 million is given to the environment and sustainable housing main expenditure group. That is split between affordable housing projects, which amounts to £7 million, and energy efficiency in the public and private sectors, which is the remaining £5 million. The housing projects would be a number of detailed schemes in different local authority areas. It would depend on conversations between the housing department, registered social landlords and others as to the exact opportunities that exist this year.

[138] **Alun Davies:** I would like to understand what that affordable housing money will buy.

[139] **Angela Burns:** You are right in that affordable housing is a strong and hot topic, but may I suggest that we write to the Deputy Minister for Housing, asking this question? I think that that would be more appropriate. We will get that letter out today.

[140] **Nick Ramsay:** Can we also ask how the authorities will access that money and whether there will be a bidding process or whether it will be fairly distributed? I have many questions on that.

[141] **Alun Davies:** All moneys are fairly distributed by this Government.

[142] **Angela Burns:** We will do that. There are no changes to the rural affairs or to the heritage budgets. Does anyone else have any other questions that they would like to ask Christine and Piers while they are before us? Are there any comments to conclude this?

[143] **Dr Daws:** We are happy to provide you with the information, but it might take us a couple of weeks because we are gathering it, as I said, ready for some time in October.

[144] **Angela Burns:** That is fine because this will be drawn together when the budget is laid. It will be appropriate and useful for us to have it by then because, hopefully, it will be reflected in the budget in October.

[145] **Dr Daws:** You will see the impact of the bring-forward capital in that budget.

[146] **Angela Burns:** However, the message we would like to leave you with is that we are interested to see what the capital is doing, how that is working through and what programmes can be brought forward, as well as the real benefits that can be gained from that kind of spend. It is in such an order of magnitude that we can do useful things with it in Wales.

[147] **Mohammad Asghar:** Much has been said about efficiency savings, but no provision is mentioned in the budget. I would like to see what was achieved last year and what you intend to do this year.

[148] **Dr Daws:** You would not see that in the supplementary budget; this is just about changes to the budget since publication.

[149] **Angela Burns:** This is our dry run. Oscar is enunciating what he would like to see in the main budget. Thank you, Christine.

[150] **Dr Daws:** I may see some of you on Tuesday.

[151] **Angela Burns:** For the record, Christine has kindly agreed to host a session on Tuesday evening for all Assembly Members on budget terminology and how the budget hangs together. That will be a useful session and we are trying to encourage all the other Members to turn up. In order to undertake proper and correct scrutiny, we need to understand the Treasury rules and the ins and outs of this, which are far different from standard accounting procedures. My discussions on swine flu vaccine and the strategic capital investment fund spring to mind. Thank you both for your time; it is much appreciated.

*Gohiriwyd y cyfarfod rhwng 2.09 p.m. a 2.13 p.m.
The meeting adjourned between 2.09 p.m. and 2.13 p.m.*

**Goblygiadau ariannol y Mesur Arfaethedig Cludo Gwastraff i'w Adfer
(Ymgysylltiad Cymunedau â'r Trefniadau) (Cymru)
Financial Implications of the proposed Shipment of Waste for Recovery
(Community Involvement in Arrangements) (Wales) Measure**

[152] **Angela Burns:** I would like to welcome Nerys Evans and Graham Winter to the meeting of the Finance Committee this afternoon. I would like to congratulate Nerys on being

successful in the fourth legislation ballot, which gives Members the right to seek leave to introduce a proposed Measure. I think that it is a vital part of democracy that backbenchers have a chance to bring forward something that is of real interest to them. Well done and congratulations, Nerys. Would you like to introduce yourselves for the record? Also, if you would like to make any opening remarks, you are more than welcome to do so.

[153] **Nerys Evans:** Nerys Evans, Aelod Cynulliad Plaid Cymru dros Ganolbarth a Gorllewin Cymru wyf fi.

Nerys Evans: I am Nerys Evans, Assembly Member, Plaid Cymru, for Mid and West Wales.

[154] **Mr Winter:** I am Graham Winter from the Members' research service. I have been working with Nerys on her proposed Measure.

[155] **Nerys Evans:** Diolch yn fawr am y gwahoddiad i ddod yma i roi tystiolaeth ichi y prynhawn yma. Yr wyf am ddweud ychydig eiriau i gyflwyno'r Mesur arfaethedig. Gwnaethom waith ymchwil ychydig flynyddoedd yn ôl gan ofyn i'n hawdurdodau lleol o dan Ddeddf Rhyddid Gwybodaeth 2000 ymhle yr oedd ein gwastraff yn cael ei ailgylchu. Ar yr adeg honno, clywsom gan nifer o'r awdurdodau fod ein gwastraff yn mynd i Tsieina, India neu Brasil, ond nid oedd y rhan fwyaf o'r awdurdodau yn gallu dweud wrthym ble yr oedd ein gwastraff yn mynd. Yn syml, nid oes dyletswydd arnynt i adrodd wrth bobl Cymru ble mae eu gwastraff yn cael ei ailgylchu. Felly, mae'r Mesur arfaethedig hwn yn annog tryloywder ac yn gwneud y broses yn fwy agored. Os cytunir i'r Mesur arfaethedig hwn, bydd yn rhoi dyletswydd statudol ar awdurdodau lleol i adrodd ble mae ein gwastraff yn cael ei ailgylchu y tu allan i'r Gymuned Ewropeaidd. Daw hyn o dan fater 12.5 yn Atodlen 5 i Ddeddf Llywodraeth Cymru 2006 sy'n ymwneud â sicrhau bod ein hawdurdodau lleol yn gwella'u gwasanaethau i bobl Cymru.

Nerys Evans: Thank you very much for the invitation to give evidence before you this afternoon. I will say a few words to introduce the proposed Measure. We undertook research work a few years ago, asking our local authorities under the Freedom of Information Act 2000 where our waste was being recycled. At that time, we heard from several authorities that our waste was being sent to China, India or Brazil, but most of the authorities could not tell us where our waste was being sent. Put simply, there is no duty on them to report to the people of Wales where their waste is being recycled. Therefore, this proposed Measure encourages transparency and makes the process more open. If this proposed Measure is agreed, it will place a statutory duty on local authorities to report where our waste is being recycled outside the European Community. This comes under matter 12.5 of Schedule 5 to the Government of Wales Act 2006, which is to do with ensuring that our local authorities improve their services to the people of Wales.

[156] Nid ydym yn erbyn allforio gwastraff o gwbl. Mae hyd yn oed y lobi werdd yn credu ei bod hi'n well defnyddio'r llongau mawr sy'n dod â nwyddau rhad o Tsieina i gludo gwastraff yn ôl i'w ailgylchu mewn rhai achosion. Mae hynny'n well i'r amgylchedd nag anfon y llongau yn eu hôl yn wag. Felly, nid ydym yn erbyn allforio, ac nid ydym yn ceisio atal yr awdurdodau lleol rhag gwneud hynny, ond yr ydym am i bobl Cymru wybod ymhle y mae eu gwastraff yn cael ei ailgylchu drwy wneud y broses yn fwy tryloyw.

We are not opposed to exporting waste at all. Even the green lobby believes that it is better, in some cases, to use the massive ships that bring cheap goods from China to carry waste back for recycling. That is better for the environment than having these ships return unladen. So, we are not against exporting, and we are not trying to prevent local authorities from doing so; we just want the people of Wales to know where their waste is recycled by making the process more transparent.

[157] Nid yw'r Mesur arfaethedig yn mynd ymhellach na gofyn i wybodaeth, pan fo ar gael, gael ei rhannu â'r cyhoedd a gofyn i awdurdodau lleol gymryd camau rhesymol i gasglu'r wybodaeth a llunio datganiad yn esbonio pa gamau a gymerwyd. Y gobaith wedyn yw y bydd gan y cyhoedd fwy o ddiddordeb yn y broses ailgylchu ac y bydd yn annog awdurdodau lleol i ddefnyddio cwmnïau lleol. Yr ydym wedi siarad â llawer o gwmnïau ailgylchu ar draws Cymru nad ydynt, ar hyn o bryd, yn gallu creu capasiti oherwydd, yn syml, nid ydynt yn gwybod faint o wastraff sy'n cael ei ailgylchu ac ymhle y caiff ei ailgylchu. Felly, mae'n anodd iawn i gwmnïau bach yng Nghymru fuddsoddi mewn gwahanol feysydd achos nid yw'r data ar gael ar faint o wastraff sy'n cael ei ailgylchu ac ymhle y caiff ei ailgylchu.

The proposed Measure goes no further than to ask for information, where available, to be shared with the public and requiring local authorities to take reasonable steps to collect the information and to draft a statement explaining the steps that have been taken. It is then hoped that the public will have a greater interest in the recycling process and that local authorities will be encouraged to use local companies. We have spoken to many recycling companies across Wales, and currently, they are unable to increase capacity because, quite simply, they do not know how much waste is recycled and where it is recycled. It is therefore extremely difficult for small companies in Wales to invest in different areas of the business as the data are not available on how much waste is recycled and where it is recycled.

[158] Yn y pen draw, gobeithio y bydd hyn yn dwyn pwysau ar awdurdodau lleol i ailgylchu mwy yn nes adref, o fewn eu ffiniau, o fewn ffiniau Cymru, neu hyd yn oed o fewn ffiniau Prydain, oherwydd, fel y gwyddom, nid oes capasiti gennym i ailgylchu popeth yng Nghymru, na hyd yn oed yn y Deyrnas Unedig.

It is ultimately hoped that this will put pressure on local authorities to recycle more and to do so closer to home, within their own boundaries, within Wales's borders, or even within Britain's borders because, as we know, we do not have the capacity in Wales, or even in the United Kingdom, to recycle everything.

[159] Yn syml iawn, mae'r Mesur arfaethedig hwn yn annog awdurdodau lleol i fod yn fwy agored, yn fwy tryloyw a datgan ble mae ein gwastraff yn cael ei ailgylchu.

Quite simply, this proposed Measure will encourage local authorities to be more open and more transparent, and to declare where our waste is recycled.

[160] **Angela Burns:** Thank you for the paper and the explanatory memorandum. We shall go straight into questions.

[161] The explanatory memorandum details estimates from the WLGA of £700,000 to cover the cost of one full-time staff member. Can you clarify this point and tell us whether you accept that figure?

[162] **Nerys Evans:** As you said, it is a WLGA figure, and I question it totally. I do not agree with it at all. If that equates, as you said, to one full-time member of staff, the estimate probably assumes that that person will go on the ships with the waste to see exactly where it goes. I totally dispute that figure. It will not take a full-time post at all to do this work; it is a matter of incorporating the work into systems that already exist. As you said, it is the WLGA's figure, and I dispute it completely.

[163] **Angela Burns:** Did they give you a staff grade for that person?

[164] **Nerys Evans:** They noted a salary of £25,000 plus national insurance and pension.

[165] **Kirsty Williams:** Given that you wholeheartedly reject the figure suggested by the WLGA in the consultation with regard to the cost of implementing your plan, have you undertaken any further work that would assist this committee in identifying what the costs

would be? At the moment, that is the only figure being bandied about, and it is the WLGA's. You do not provide an alternative figure. Have you carried out any further work to establish the financial considerations?

[166] **Nerys Evans:** That figure is included because, as you said, it is the only figure we have received. I do question that figure, as I do not agree that it will take a full-time member of staff to do the work.

[167] The WLGA estimate is based on the first draft of the proposed Measure. I have done preparatory consultation on it, after which I changed the proposed Measure. The first draft included a requirement for the information to be collected, but after the consultation, I changed that so that the proposed Measure will only require them to take reasonable steps to collect information and, if no information is available, to produce a statement explaining the steps taken to try to get that information. So, I have changed the proposed Measure since that consultation so that, now, it does not impose any further duties other than make publicly available information about the proportion of recycling that is processed outside the EC and the European free trade area, and only where such information exists. The only real direct costs of the proposed Measure to local authorities would be in preparing and publishing an annual statement.

2.20 p.m.

[168] As the explanatory memorandum sets out, the reporting requirement is an annual one, and can be assimilated into existing costs, processes and procedures. Over time, this would be embedded as local authorities carry out their duty in dealing with recycle. So, in the future, it will be even less onerous on local authorities.

[169] **Kirsty Williams:** Given that the proposed Measure has been amended in the light of the previous consultation, have you had any subsequent feedback from local authorities about how they feel that this revised duty will impact upon their budgets?

[170] **Nerys Evans:** As far as I am aware, we have not.

[171] **Angela Burns:** When you talk about local authorities, where do the national park authorities sit in this? Do they recycle their waste, or is it always done by the local authorities? Are we only talking about the local authorities?

[172] **Nerys Evans:** From my understanding, it is just the local authorities.

[173] **Angela Burns:** What about hospitals and similar organisations? Do they have any waste that must be disposed of differently from the way that a local authority disposes of it? Would there be any need for a person to spend time looking at that type of area?

[174] **Nerys Evans:** This is only to do with household waste, because I do not think that we have jurisdiction to start dealing with other types of waste.

[175] **Angela Burns:** I just wondered whether hospital waste would have different criteria for recycling.

[176] **Nerys Evans:** The proposed Measure comes under matter 12.5, to do with how local authorities exercise their duties and to improve how local authorities exercise their duties. So, it would just be under that. Ideally, we would like to do it in different areas, but because of our limited powers under the Government of Wales Act 2006, we can only look at local authorities.

[177] **Mohammad Asghar:** My question is to do with WasteDataFlow. Can you clarify whether or not it is a realistic option that WasteDataFlow could be used to meet the requirements of the proposed Measure? If so, could you also explain what expansion to the current system would be required, and whether or not this would be a realistic option given that it is a UK-wide system?

[178] **Nerys Evans:** At the moment, WasteDataFlow does not ask for this information. WasteDataFlow is just a tool for local government and Government on their recycling activities. So, it is not pertinent to this at the moment. In response to the legislation committee's consultation, the Environment Agency said that the data could also be provided by the Environment Agency via the mechanisms already provided in the WasteDataFlow system, which would enable a Wales-wide overview on recycle destinations to be reported on. It said that if this was carried out, there would not be a significant additional cost to the Environment Agency, and the work could be included in existing reporting arrangements.

[179] So, as I said, WasteDataFlow at the moment is a system mainly used by local authorities to report to Government on their recycling activities. It is not meant for public consumption as it is quite complicated—if anyone has ever looked at it, they would realise how complicated it is. If the proposed Measure becomes law, WasteDataFlow could be used as a mechanism to get the information, but it would need to be made more user-friendly. Local authorities would have to manipulate it and publish the information in a user-friendly way. WasteDataFlow is a UK-wide system, but in Wales the Environment Agency is responsible for it, so it would be possible to include separate requirements in Wales.

[180] **Mohammad Asghar:** Before I ask my second question, did you read *The Independent* yesterday? There was a story about waste, and it said that 2,000 tonnes of UK municipal waste was exported to Brazil labelled as recyclable waste. Among the items found were nappies, which are being tested for E. coli contamination, cat food, dirty and rusting tin cans, syringes, rotten food, and so on. It said that investigators are unable to determine the source of the rubbish. Is that not a good example of why local authorities should be sharing information?

[181] **Nerys Evans:** I could not agree more. [*Laughter.*]

[182] **Angela Burns:** That is a bit of a policy issue, Oscar—we are looking at numbers here.

[183] **Mohammad Asghar:** You state in your letter to the committee that you have had discussions with the Environment Agency regarding information already provided by local authorities. Have you had any discussion with it regarding the possibility of using WasteDataFlow as a vehicle for the requirements of the proposed Measure and any potential financial implications for it?

[184] **Nerys Evans:** My letter said that I have clarified with the Environment Agency the extent to which the information about overseas destinations is already collected through WasteDataFlow. The Environment Agency has confirmed that there is no requirement at the moment to report that information, but it previously made it clear that the WasteDataFlow system provides a mechanism for collecting this information without significant additional cost to it, as I quoted in response to the previous answer. It has also confirmed that the landfill allowance scheme already requires the provision of information about the final UK destination of waste. That means that it should not be too burdensome for local authorities to find out what happens to waste subsequent to it being sent abroad. In addition, a new statutory guidance code was consulted upon at the end of July by the UK and Welsh Governments. The main aim was to increase the quality of information passed between holders. So, there is a mechanism in place and it would not be too onerous according to the Environment Agency.

[185] **Chris Franks:** You state that costs may be incurred by other bodies in providing information to local authorities. Can you clarify which bodies you are referring to and explain if any work has been undertaken to estimate the potential costs?

[186] **Nerys Evans:** Paragraph 9.8 of the explanatory memorandum says that,

[187] ‘Costs would also accrue to the bodies providing the information to local authorities, but as processes become normalised these costs are expected to be minimal.’

[188] This refers to the costs being placed upon the waste processors, the reprocessors and the brokers in collecting the waste and sending it abroad. These costs are expected to be minimal, because they already have that information, and it is just a matter of passing it down the food chain to the local authorities, because local authorities deal with waste processors. It is just a matter of passing the information down. They have the information already. It is a matter for when the contracts are renegotiated. We are not saying that when the proposed Measure is passed all local authorities should do this overnight, but when they renegotiate their contracts they should ensure that there is a clause stating that the information should be passed from the processor to the local authority. So, the cost would be minimal and, as time goes on, the costs should be embedded in the process.

[189] **Chris Franks:** My interpretation is that you are saying that the costs are nominal, but have you asked these other bodies whether they agree that the costs will be nominal?

[190] **Nerys Evans:** No, because they have the information. Surely, as a waste distributor, processor or broker, they will know what they are doing with their waste. They will have that information on their books and their systems. It is just a matter of sending that information down to local authorities as part of their contracts.

[191] **Kirsty Williams:** On that point, do you not have that information because the organisations that provide this service for local authorities have not been asked, or were they asked in the consultation process and chose not to respond and give those figures? Have any attempts been made to contact the bodies that would be involved in this process?

[192] **Nerys Evans:** I am not sure what has happened in relation to the legislation committee, because I am not part of that process, but I do not think that we asked them in our pre-legislative consultation.

[193] **Mr Winter:** They would have been invited to respond.

[194] **Nerys Evans:** To the legislation committee?

[195] **Mr Winter:** No, to the original consultation that you carried out on behalf of the committee.

[196] **Nerys Evans:** So we asked them, then, and they did not respond.

[197] **Kirsty Williams:** So, we only have your view that the costs are minimal rather than any external—

[198] **Nerys Evans:** This is happening in other areas. One local authority in Wales is looking to do this voluntarily and there is an example in Somerset, Somerset Waste Partnership, which has started to do this. It is not breaking new ground. There is a really good model in Somerset, where that information is obtained and it has led to massive benefits in people engaging more with the process and people wanting to know more about where the

recycling takes place. Somerset has found a mechanism through reporting, so it is not something—

[199] **Kirsty Williams:** Do you have any idea of the costs that Somerset council has incurred in introducing that scheme?

[200] **Nerys Evans:** No, I am not aware of any. It is just a matter of publishing it on the website, and getting the data from the contracts.

[201] **Kirsty Williams:** From our perspective, we do not need to look at the policy implications; we need to look at the financial implications.

[202] **Nerys Evans:** It would not be a cost on the Government or local authorities; it would be a cost for a body over which the Assembly Government has no jurisdiction—a private company.

2.30 p.m.

[203] **Kirsty Williams:** We have a duty, however, to undertake scrutiny as to whether those additional costs, even if to private businesses, are burdensome to those businesses.

[204] **Huw Lewis:** I want to explore this a little further. Following the progress of your proposed Measure, Nerys, in my view, some of the submissions from the Welsh Local Government Association have been a little alarmist about the cost to the public purse. However, there is a question surrounding this, I suppose, of why is there a cost to the public purse at all. Could we not put the onus entirely on those private companies that are making a very good living, thank you very much, out of recycling and waste disposal? In terms of this proposed Measure, we are potentially stirring up—not stirring up, that is the wrong phrase; we are setting up a regime, perhaps, where the faults of private business would lead to penalties being placed on local authorities and the public purse. In other words, public bodies will take the fall if private companies are not being accurate, timely or truthful about how they dispose of waste. Why are we going at local authorities and expecting them to reach into their pockets? Why do we not concentrate wholly on the very large private businesses that are taking advantage economically of our waste recycling regime?

[205] **Nerys Evans:** First, I do not think that local authorities will be reaching into their pockets to deliver this. As I said, I think that it could be embedded into future contracts quite easily with no—

[206] **Huw Lewis:** The costs are absorbed somewhere, are they not?

[207] **Nerys Evans:** It is just a matter of adding something to the contract about letting people know. As we were saying, the figures stated by the WLGA are way off the mark; this can be incorporated into people's current workload. One local authority is looking at doing it voluntarily, because it thinks that it is a good idea and the benefits massively outweigh any costs to it. We know that Somerset has been doing this for around a year now, and so it obviously thinks that the benefits outweigh any negatives. I take issue with your comment about authorities reaching into their pockets, but also, on your point about looking at the private companies, I understand what you are saying, but I changed my proposed Measure after consultation and it only relates to where information exists. If a private company, broker or recycling company does not want to share that information or says that it is too costly to do so, the local authority only has to report on the steps that it has taken to try to get that information. It has to take reasonable steps to get that information. I changed the first draft of the proposed Measure to take account of those issues, so that if it would be too burdensome on local authorities, or if private companies were being too awkward about it, the local

authority just has to report on the steps that it has taken to try to get the information.

[208] **Huw Lewis:** Are you not opening up a little loophole there for dodgy contractors? In a sense, you would allow this proposed Measure to become toothless if a contractor was prepared to become obstructive.

[209] **Nerys Evans:** The whole point of this is to make the process more transparent and open so that people within a local authority know where the recycling takes place. We know that there is an appetite to get more information. People are not naive; people know that recycling takes place in different areas and my understanding is that people have an appetite to know more. If one local authority does not report and the neighbouring local authority does, the public will ask questions, and rightly so. There is potentially room for local authorities to wriggle out of it but I am sure that, as one local authority is looking to do this voluntarily, there is a desire within the industry to make sure that this happens. If you look at the consultation responses from bodies such as Cylch, for example, you will see that they are supportive. The Environment Agency is supportive. As you said, you have to question the motives of local government in trying to stall this. I do not think that local government has supported any legislative competence Order or Measure from either the Assembly backbenches or Government, because they are asking it to do more, which it is not too happy about at present.

[210] **Joyce Watson:** I will continue in that vein. Kirsty is quite right; our job is to look at the implications of cost. I commend you on bringing this forward and I support the principles. However, returning to contracts and cost, have you looked at the possible implication of ending any existing contracts that the Government bodies and local authorities may have entered into, maybe for the long term, which they may have to suspend to adopt the changes that you have called for?

[211] **Nerys Evans:** No, because we would not expect them to do that, but we would expect them to incorporate this as contracts are renewed. We would not want them to do it automatically overnight. So, we have not looked into that because it is not relevant.

[212] **Joyce Watson:** Is it possible, if contracts are renegotiated, to include the information that the cost of those contracts could be increased. I know that you have said that, in your opinion and from your findings, you do not think that that will be the case, but if those people fulfilling the contracts think that it is, have you considered the fact that they may include that cost in the renegotiation?

[213] **Nerys Evans:** There is a possibility that there would be an increased cost. That is one of the unknowns, but because the information is already there, I doubt that that would be the case. So, local authorities can do it voluntary, and some are set on doing that because they see the benefit in doing so. That is an unknown, so I cannot answer.

[214] **Joyce Watson:** Have you had any discussion with waste management companies or local authorities regarding the possibility of additional costs in the renegotiated contracts?

[215] **Nerys Evans:** I have not discussed the renegotiated contracts with them, but I have spoken generally to Cylch, which is very supportive of it. Going back to an earlier point, Cylch wants to see more recycling taking place in our boundaries, so it is keen to make the process more open. I am not against exporting waste, but making the process more open and putting pressure on local authorities to recycle more using the proximity principle, which is at the heart of Assembly Government, UK Government and European policies on recycling, could be a good thing. So, I have not had direct discussions about the renegotiation of contracts, but, in general terms, I support the Measure.

[216] **Joyce Watson:** The Welsh Local Government Association suggested that £100,000 would need to be made available to Waste Awareness Wales to develop and implement a campaign to raise public awareness of the recycling market. Do you agree that such a campaign would be necessary and that £100,000 is a reasonable estimate of the cost of that campaign?

[217] **Nerys Evans:** You will not be surprised to hear that I do not accept that argument. I think that it assumes that the public is quite ignorant about what is happening. I understand its worry that it may be criticised for sending so much to a different country or whatever, but all the evidence suggests that when people have more information about how to recycle and what happens to their recycling, their participation rates increase. For example, in Barnet, which is an area with a great deal of social housing, a targeted education campaign that provided information and told people how to recycle better led to an increase in recycling rates from 65 per cent to 90 per cent. So, it is about giving people information. It is patronising to think that people will be unable to deal with that information in a mature manner. We should trust the public.

[218] Environment Agency Wales stated that

[219] ‘Providing the means for more information to be collected and shared with the public may encourage the population to accept recycling facilities within their neighbourhoods which would be a positive outcome’.

[220] So, that, again, is a positive outcome. Awareness about waste is also increasing. We know that the Assembly Government has very ambitious targets, and it is supporting waste awareness campaigns run by the WLGA, and national media campaigns to promote recycling and to support local authorities. So, I think that that figure is questionable. We should trust people. Our recyclate is being shipped to other countries every day, so why not tell people about it? I do not see why we should be hiding it. I think that we should know exactly what is happening as this would make the process more transparent, and having an open system would allow local companies to compete.

2.40 p.m.

[221] **Angela Burns:** While we are talking about the general public, one of the comments that the WLGA has made is that it is worried about the amount of time that local authorities will have to spend dealing with enquiries from the public, and people hammering on the door saying, ‘You sent this lot to China, and we do not like it’. Is there any validity in that? I know that the WLGA put that view forward at one of the first meetings of the legislation committee. I would like your comments on that.

[222] **Nerys Evans:** People who are interested in recycling will be asking those questions now, and when the general public gets more information, it should ask those questions. At the end of the day, local authorities are democratically elected bodies, answerable to their electorate, and so they have a duty to them. They should not be embarrassed by the fact that they are sending recycling abroad; it is happening, and if they get more inquiries, then that is a good thing, because it shows interest in the recycling process, and the evidence suggests that that will increase participation rates. At the end of the day, waste is a commodity to be bought and sold, so this could have benefits to local authorities that they have not thought of yet.

[223] **Angela Burns:** I note that the Minister for Environment, Sustainability and Housing’s response to you is relatively lukewarm, in that she feels that this will cost an awful lot of money that she does not have at present, and so she would have to take it out of other budgets. Have you entered into any discussions with the Minister on this, either to quantify that cost or to see what provision the Welsh Assembly Government might make to support

local authorities?

[224] **Nerys Evans:** I have spoken to the Minister a few times, and she seems to be supportive in principle. However, when I first proposed the Measure, the Presiding Officer wrote to me to confirm that a financial resolution under Standing Order No. 23.79, setting out the financial consequences and provisions of the proposed Measure, would not be required—that is, there would be no cost incurred. I can make that available to the committee.

[225] **Angela Burns:** Kirsty, do you want to come in here?

[226] **Kirsty Williams:** One of the stated aims of this piece of legislation is to encourage recycling and increase recycling rates, and the evidence from local authorities that have engaged in this process is that it has achieved that aim. Have you therefore analysed how much money councils could save, given the diversion of waste from landfill, which is increasingly costly for them?

[227] On the other hand, local authorities have argued that if people were more aware that waste was being shipped abroad, they might not understand the reasons for that and might be put off from recycling because it was just going to be sent abroad. Therefore the opposite might happen: recycling rates might fall and landfill costs increase. Have you done any analysis of the financial consequences for councils if this data is published?

[228] **Nerys Evans:** I have not, but I know that Cylch has done a lot of work on the effects of making information more transparent. I am sure that Cylch would be willing to share that analysis with you. There seem to be positive consequences for participation rates, and the Environment Agency has suggested that it might encourage people to accept recycling facilities in their neighbourhoods, which would be another positive outcome. I have not analysed the cost per se, but, for example, increased recycling participation rates would result in the creation of more jobs, as compared with landfill. I have not analysed the costs, but others have.

[229] **Angela Burns:** Unless anyone else wants to come in here, I will ask the final question. Is there a financial or policy clash between your proposed Measure and the legislative competence Order on environmental protection and waste management that is coming through? In other words, do we need your proposed Measure if the LCO is on the way?

[230] **Nerys Evans:** The proposed Measure could be incorporated in the LCO and made broader, but at the moment, there is no timetable for the LCO, let alone for a Measure afterwards. With less than two years until the end of the third Assembly, how likely is it that we will get a Measure and an LCO passed? There is potential after the LCO has been passed to extend and broaden the proposed Measure. Therefore, they would complement each other, but, at the moment, there is no LCO. So we are using the mechanisms we have at the moment to try to deliver this.

[231] **Ann Jones:** I just wanted to comment on what Nerys said about the Presiding Officer having written to say that he did not think that a financial resolution was necessary. Is that just a procedural point? Is he simply saying that he does not see that any costs would be incurred by Nerys doing the proposed Measure? I have had this issue with regard to my LCO. Why are we looking at it if the Presiding Officer has already decreed that there are no financial implications to be discussed?

[232] **Nerys Evans:** He does not think that there will be a significant expenditure on the Welsh consolidated fund. That is the basis of the financial resolution.

[233] **Ann Jones:** If the Presiding Officer is doing the financial resolution, why does the Finance Committee not hand it, lock, stock and barrel, over to him?

[234] **Mr Grimes:** There is a complicated answer to that. Perhaps all I should say is that our job is to consider and, where we see fit, report on financial information in the explanatory memorandum. It does not follow that the financial implications all relate to the consolidated fund, which is what I think Nerys just read out. The financial resolution comes at the end of Stage 1. I am not sure that that is a complete answer because they do not necessarily relate to the same thing.

[235] **Ann Jones:** Rather than discuss it here and now—as I have just thrown it into the mix and I may have it completely wrong—can you provide me with an explanation please?

[236] **Mr Grimes:** I think that there is an answer, and if there is I will find it.

[237] **Ann Jones:** It does not need to be today.

[238] **Angela Burns:** Thank you for coming forward, Nerys, and thank you, Graham. We much appreciate your time.

2.47 p.m.

Cynnig Trefniadol Procedural Motion

[239] **Angela Burns:** I move that

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

[240] I see that there are no objections.

Derbyniwyd y cynnig.

Motion agreed.

Daeth rhan gyhoeddus y cyfarfod i ben am 2.47p.m.

The public part of the meeting ended at 2.47p.m.