

## Y Pwyllgor Amgylchedd a Chynaliadwyedd

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Lleoliad:

Ystafell Bwyllgora 4 – Tŷ Hywel

Dyddiad:

Dydd Mercher, 19 Tachwedd 2014

Amser:

09.00

Cynulliad  
Cenedlaethol  
Cymru

National  
Assembly for  
Wales



I gael rhagor o wybodaeth, cysylltwch â:

**Alun Davidson**

Clerc y Pwyllgor

029 2089 8639

[Pwyllgorac@cymru.gov.uk](mailto:Pwyllgorac@cymru.gov.uk)

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### Agenda

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#### 1 Cyflwyniad, ymddiheuriadau a dirprwyon

#### 2 Energiewende: Profiad yr Almaen a'i berthnasedd i Gymru (09:00–10:30) (Tudalennau 1 – 6)

Alan Simpson, Cyngorydd annibynnol ar bolisi ynni a hinsawdd

E&S(4)–28–14 Papur 1

#### 3 Papurau i'w nodi

**Gorchymyn Deddf Llywodraeth Cymru 2006 (Diwygio) 2015: Gohebiaeth gan y Gynghrair Datblygu Cynaliadwy** (Tudalennau 7 – 9)

E&S(4)–28–14 Papur 2

**Gorchymyn Deddf Llywodraeth Cymru 2006 (Diwygio) 2015: Gohebiaeth gan y Comisiynydd Dyfodol Cynaliadwy** (Tudalen 10)

E&S(4)-28-14 Papur 3

**Gorchymyn Deddf Llywodraeth Cymru 2006 (Diwygio): Gohebiaeth gan y Gweinidog Cyfoeth Naturiol at y Llywydd (Tudalennau 11 – 15)**

E&S(4)-28-14 Papur 4

E&S(4)-28-14 Papur 4 Atodiad

**Bil Llesiant Cenedlaethau'r Dyfodol (Cymru): Gohebiaeth gan y Gweinidog Cyfoeth Naturiol (Tudalennau 16 – 21)**

E&S(4)-28-14 Papur 5

**Bil Llesiant Cenedlaethau'r Dyfodol (Cymru) Gohebiaeth gan y Gweinidog Cyfoeth Naturiol (Tudalen 22)**

E&S(4)-28-14 Papur 6

**Ymchwiliad i'r ystâd goedwig gyhoeddus yng Nghymru: Gohebiaeth gan y Gweinidog Cyfoeth Naturiol (Tudalennau 23 – 24)**

E&S(4)-28-14 Papur 7

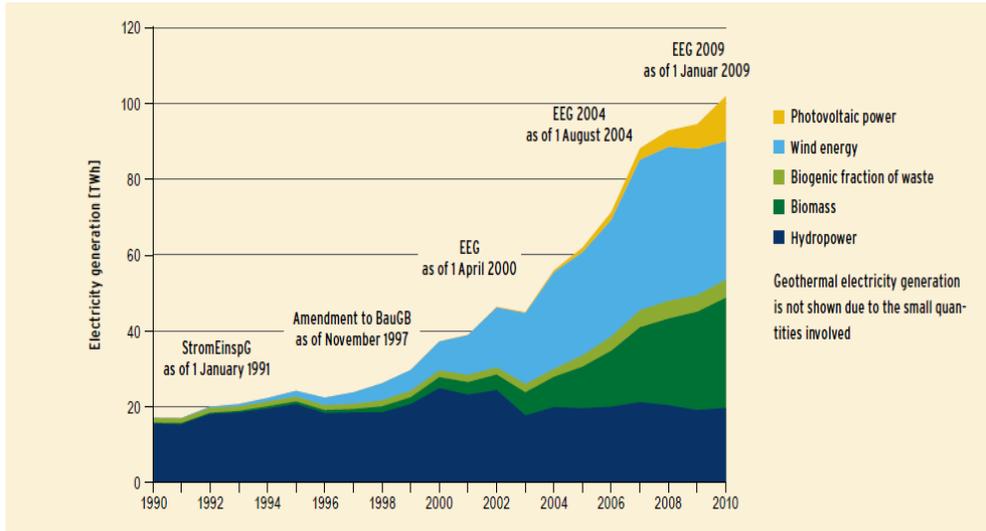
**4 Cynnig o dan Reol Sefydlog 17.42 i benderfynu gwahardd y cyhoedd o weddill y cyfarfod**

**5 Bil Llesiant Cenedlaethau'r Dyfodol (Cymru): Trafod adroddiad Cyfnod 1 (10:30–12:30) (Tudalennau 25 – 96)**

E&S(4)-28-14 Papur 8

Germany had made radical changes to its energy economy over the last decade. The bedrock of this has been a huge push into renewables, which has seen a massive 40GW increase in installed capacity. In 2000, Germany produced 6.4% of its power from renewables. In 2011, this was 20.1% (Bundesamt). At the same time Germany has managed to reduce energy consumption by 7.3%, whilst increasing the volume of its exports by 40%. This is only the beginning.

**Germany’s Renewable Build Out 1990 to 2010**



Source: German Environmental Ministry

The German government intends to generate 35% of its power needs from renewables by 2020, and reduce energy consumption by 20% over this period (Federal Ministry for the Environment, Renewable Energy Sources in Figures, 2012).

**Germany’s Energy Plan**

		2020	2030	2040	2050
Climate	Greenhouse gases (vs. 1990)	- 40%	- 55%	- 70%	- 80 to - 95%
	Renewable energies				
Renewable energies	Share of electricity	35%	50%	65%	80%
	Overall share (Gross final energy consumption)	18%	30%	45%	60%
Efficiency	Primary energy consumption	- 20%	▶		- 50%
	Electricity consumption	- 10%			- 25%
	Energy consumption in buildings	20% heat demand		80% primary energy	

Source: German Environmental Ministry

## **Germany has no choice but to be a leader in the next energy revolution.**

Germany has very limited quantities of oil and gas and has to import approximately 60% of its energy needs. This amount has been steadily increasing since the early 1970s and is a clear risk to the German economy. Germany is an economy built around designing and producing products which require significant energy inputs for both manufacturing and distribution. It must take its energy German citizens not only own renewable power installations individually. There are also a huge number of localised distribution initiatives that socialise energy supply. This includes the current initiative in Berlin to buy the power distribution network from the utility Vattenfall. There has been a rapid expansion of their community energy systems. Germany's industrial players - such as Bosch, Infineon, Siemens, VW, BMW - are at the forefront of the current energy revolution and the German government has been quick to put in place innovative legislation (such as feed in tariffs) to push forward the transformation. In the summer of 2011, the German government passed eight new pieces of legislation, all designed to push different aspects of that transformation.

Germany's 2011 decision to close all its nuclear power stations was greeted with a mixture of shock and disbelief across much of the world. This should not have been a surprise. Germany would have preferred to have made the decision 25 years earlier, after the Chernobyl accident, but it did not have alternative solutions. Today it does. The solution has come in the form of digital power. Use less energy (and renewable sources) and use this energy more intelligently. Current projections of new nuclear electricity costs, above wholesale power prices, make this policy change all the more coherent.

## **A 'game change' in energy thinking.**

Part of Germany's success, in building out renewables, has been the use of feed-in-tariffs (FiTs) rather than other support mechanisms such as grants, tax incentives and renewable obligations. FiTs have brought forward a new class of investors to promote the growth of renewable energy. They have done so eagerly. Utilities, in contrast, have not led the building out of renewables because such projects do not generate the double-digit financial returns they require.

Today, some 22GW of German renewable power capacity is owned by private individuals; twice the total UK renewable capacity. Meanwhile, the big four German utilities own a mere 4 GW of capacity in their domestic market (Trend:Research, 2011). In fact, the largest German utility, E-On has built more renewable assets over the last decade in the UK than in Germany. The reason is undoubtedly because returns on UK renewable projects are higher than in Germany. This is not a surprise, given the UK's reliance on Renewable Obligations. As a result, cost estimates for the UK onshore wind market that are markedly higher than in Germany, despite the UK having 25% more wind.

According to a study done for the British energy ministry (DECC) the levelised cost of UK onshore wind will be close to £90/MWh for projects starting in 2013 (MacDonald, 2010). In contrast, Germany's FIT is below those levels at €90/MWh. Even more dramatic is a comparison with Ireland, which has similar wind conditions to the UK. It offers a 15 year feed in tariff of €57-59/MWh and has managed to install 2GW of onshore in the last decade; at least half what the UK has achieved over the same period.

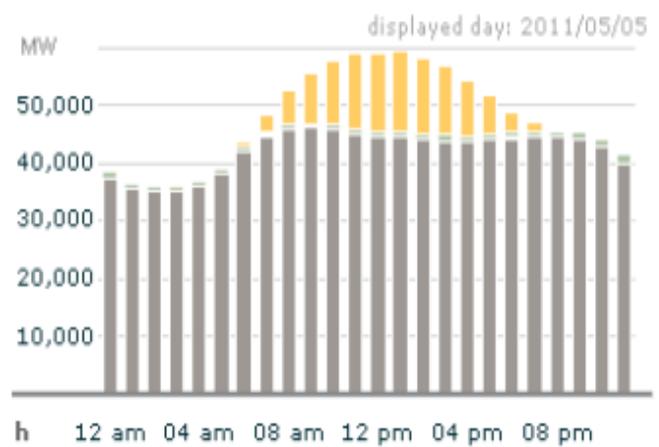
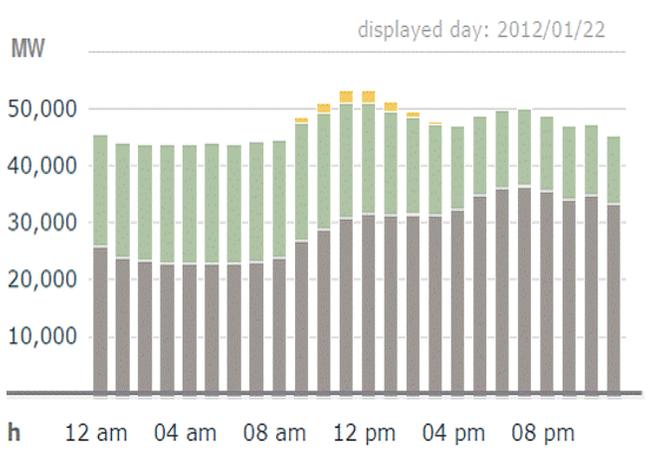
## **Germany has also been unafraid to take on its Utilities.**

Despite utilities having huge lobby groups with considerable resources, the German government has put considerable pressure on its utilities. This has not just been in the decision to exit nuclear (which will remove

billions of subsidies a year). The FiTs legislation, and the decision to give priority grid access for all renewables, means that German solar and wind energy are the first power sources fed in to the energy system. It leaves incumbent power providers to alter their energy mix and output to ensure a balance between power demand and supply.

The result of this change is that German utilities no longer control energy supply as they once did. Moreover, their price-setting power has also been diminished by the fact that renewable sources drive down peak demand (and peak prices).

**Renewables in the German energy mix - Solar (yellow), Wind (green)**

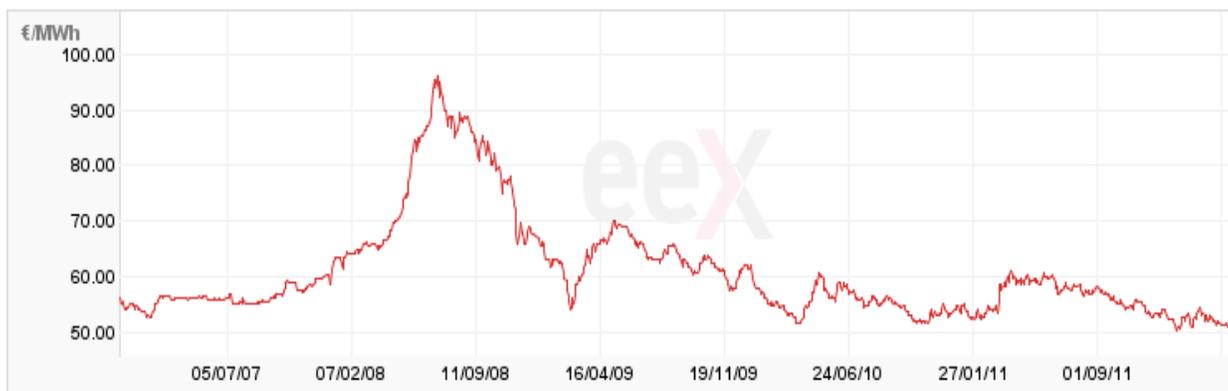


Source ;EEX

German utilities have progressively lost credibility with the public as well as with government. One year ago, the German utilities were threatening to sue the German government over its decision to exit nuclear, while at the same time screaming about the increased risk of blackouts and higher power prices. The result was the exact opposite.

German power prices, after a brief rise last April, have fallen to a five year low, thanks mainly to ramping up renewable energy capacity. This saw 9.5GW (including 7.5GW of solar) installed on the grid in 2011. Moreover, Germany remains a net exporter of power, especially during the day, when low priced power is exported across the EU (inc to the UK).

**Price**

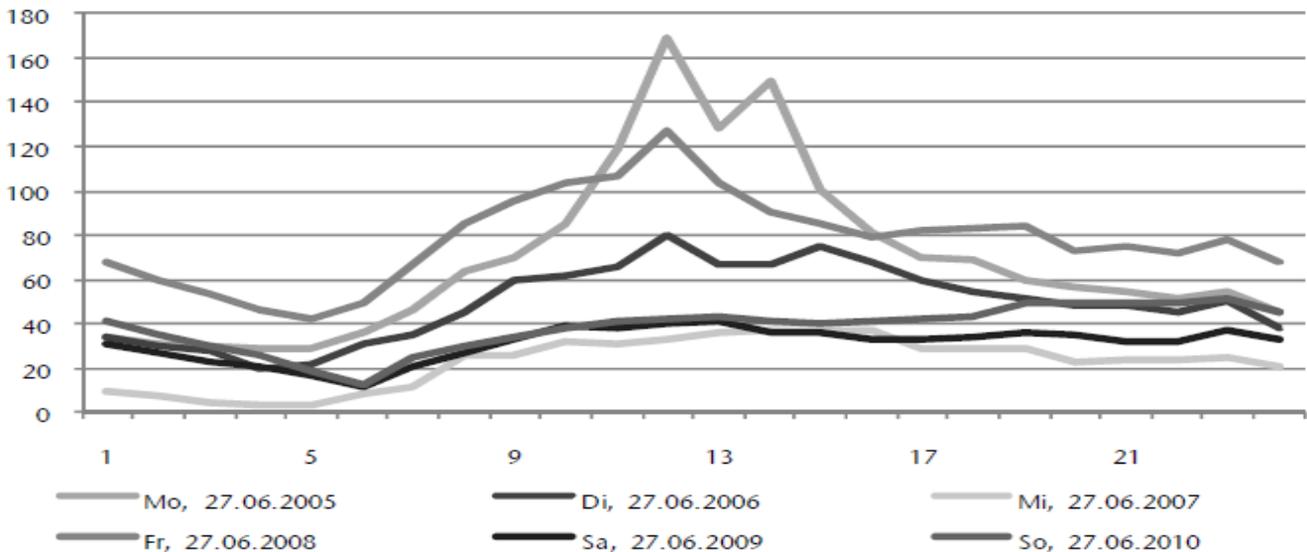


German Future Power Prices

Source: EEX

As continental power markets became increasingly connected, power prices in France, Poland and other surrounding countries have also fallen. Furthermore, if renewable generating capacity is in any way correlated with peak power needs, the bearish impact on electricity prices can be significant. This is clearly the case with solar. Even in Germany, which is not always blessed with much sun, this can be clearly observed on an average summer's day. This is bad news for utility businesses, as the margin between peak and baseload prices has contracted to an almost all time low. Peak load pricing is when utilities generate their highest margin. This 'bad news' for energy utilities has, however, been very good news for German industry.

**Germany's peak power pricing on a particular day**



Source: EEX

**The future is about flexible power.**

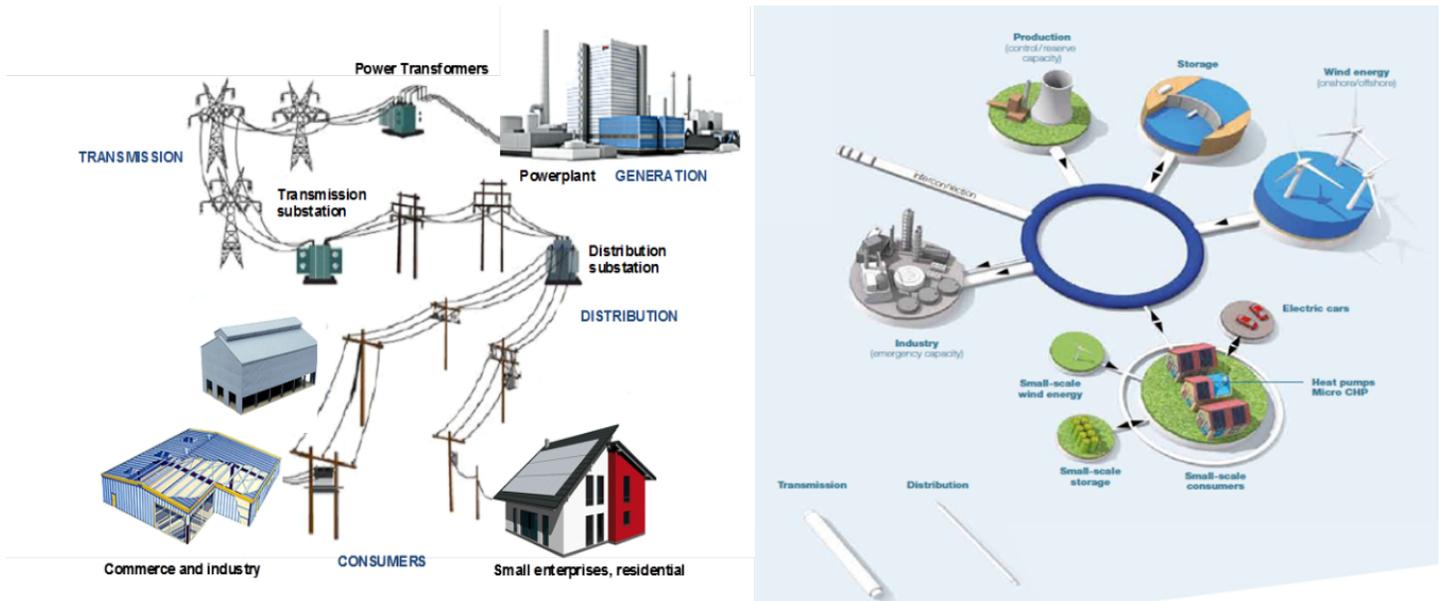
One of the major criticisms of renewable power is intermittency; that it cannot provide baseload power operating 24/7. The sun does not shine at night and the wind does not blow all day long. But there are baseload renewable resources such as geothermal, hydro and biomass power stations. There are also smarter solutions available for dealing with intermittency issues.

First and foremost, combine intermittent renewables with more flexible power (such as natural gas, hydro plants and high efficiency coal plants) as well as energy storage facilities (including pumped and hydrogen storage). Second, simply move the electricity from where it is generated to where it is needed. Fundamentally, we need to move away from our obsession with base-load power and peak-load power. We may have thought this way for over 100 years but, with today's technology, we do not need to have power stations running 24 hours a day. What we need is some intelligence built into our energy systems. This requires different thinking about the investment going into the heart of our power system, the grid.

The electricity grid, as it stands, is a senseless mass of wires, transmission lines, transformers, controllers and substations, which delivers electricity from power plants to the user. It is an ageing system, over fifty years old in most of the western world. Due to planning permission difficulties surrounding transmission lines, it can take many years to build new ones. The solution is to use the grid we have and simply make it smarter.

Smarter grid technology will make the grid more stable and flexible. It will also mitigate the risk of power outages. This is the nature of tomorrow's energy grid. It is where Germany has been investing heavily.

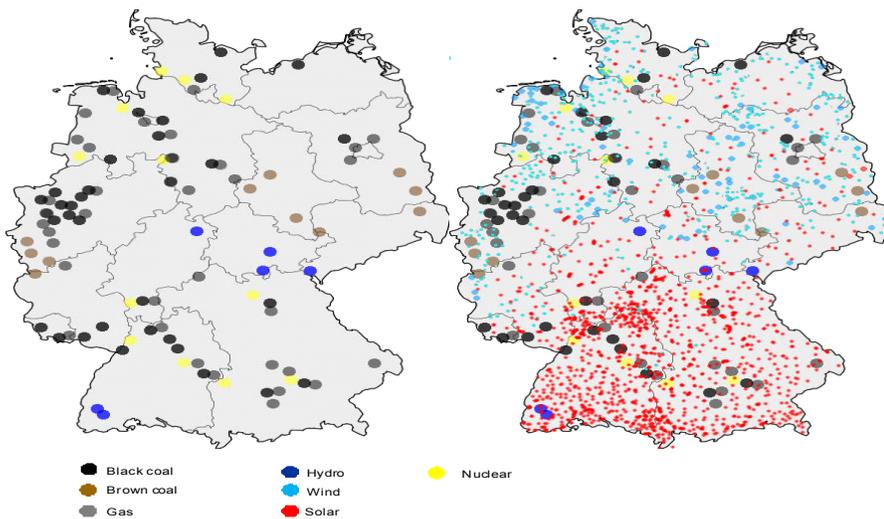
**The Grid is changing, becoming decentralised after a century of one way traffic**



Source: Alexa Capital

Advanced, low-cost, renewable energy is, much like the internet, highly distributed. It requires 'uploading' of energy on a decentralised and intermittent basis. Uploading this new energy is forcing new (and different) investment in the grid. The German grid is the most reliable in Europe, with the average consumer experiencing only 19 minutes of downtime in 2009. This was despite the fact that the German grid now copes with the stresses and strains of its 20% of renewable energy capacity (RWE, 2011). A combination of intelligent simulation tools, good control systems, solid engineering and innovative power electronics has allowed the German grid to achieve this stability and strength.

**Germany's power landscape from 1990 to today, with over 1m power producers**

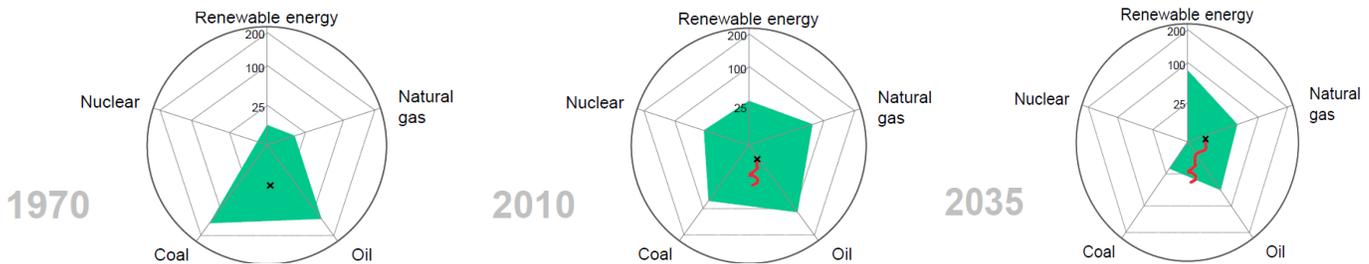


Source: Alexa Capital

## From a weakness to a strength

In the face of a growing dependency on energy imports, and the associated risks to its economy, Germany has been assertive in embracing modern solutions to transform its energy infrastructure. Not only has the government been bold in decommissioning its nuclear fleet and supporting the build out of renewable energy technologies, it has also recognised the importance of decentralising its energy infrastructure at an early stage. As a result, Germany boasts one of the world's most reliable grid infrastructures. This is only at the beginning of its transformation into a truly smart grid. Forward thinking in shaping its energy policy has left Germany in the enviable position of being able to increasingly meet its energy needs and supply its laggard neighbours with energy surpluses from its renewable portfolio.

### Germany's changing power mix 1970, 2010, 2035



Source: Alexa Capital

More than ever, energy holds the key to progress and prosperity. Energy is no longer about fossil fuels, or the ideal renewable energy technology. Energy doctrine must address how energy is produced, distributed, consumed and managed at all levels.

Germany's energy transformation will continue to take time and further investment, but its trend towards decentralisation is clear. So too is its commitment to an energy future that is rooted in becoming lighter, brighter, technology driven, more secure and renewable. It provides a blueprint for others to follow and improve upon.

This is a transformation that begins from a clear energy vision rather than a set of current market fixes. Fundamentally, it is what all countries will have to address.

**Alan Simpson**

Thank you for the opportunity to input views from the SD alliance on the draft Order to amend section 79, GOW Act. Due to the shortness of the response time, we have not had time to fully consult and agree these points with the full membership of the Alliance. These views represent the views of members who were able to respond within this time frame.

#### COMMENTS ON THE ORDER

1. Section 79 can be seen as a vestige of very limited and largely executive devolution in Wales, where defining the powers and duties of the Welsh executive (whether it be the Assembly in GOWA 1998 or the Welsh Ministers under GOWA 2006 pre-2011 referendum) was considered to be the proper job of the UK Parliament, and not that of the National Assembly.
2. With the continuation of the devolution process, we are now considering the draft of an Order in Council to amend GOWA 2006, so as to bring section 79 of GOWA within the Assembly's competence.
3. Section 79 of GOWA contains the sustainable development duty which applies to Welsh Ministers, i.e. to have a Sustainable Development Scheme (but no duty to implement it). This is a historically significant duty, appreciated widely as a cornerstone of Wales duty on Sustainable Development.
4. The Wellbeing of Future Generations Bill creates a more complex set of obligations and processes which apply to Welsh Ministers and also to public bodies and which give rise to the more extensive duties.
5. How section 79 sits alongside the Bill has been an open question. The Bill does not contain any reference to section 79 GOWA.
6. The Explanatory Memorandum that came with the draft Order in Council (para 19) says that "the amendment to section 79 of the 2006 Act will ensure alignment and consistency between the two pieces of legislation and provide clarity in the statute book."
7. So it is clear that there is an intention to align the two pieces of legislation, but unfortunately it is not clear how this is to be done. There is no draft amendment or amendments to section 79 (which it is stated will be tabled to the WFG Bill) on which we or the committee can comment.
8. This is a very wide enabling power. The instrument as drafted gives carte blanche to the Ministers and could result in a much weaker form of words than exists currently.
9. It does not contain any constraints on the changes which could be made. It does not for instance provide that the section 79 duty can only be strengthened and not diluted. So in future the Assembly or Welsh Ministers could (if this Order were made) repeal section 79 entirely.
10. From one perspective, Section 79 can be seen as a "safety net" – it is the minimum that Welsh Ministers must do in relation to Sustainable Development (SD), and

therefore it may be appropriate to ensure that they cannot promote legislation in the Assembly to remove or weaken that safety net.

11. It would not be appropriate to pass such an open ended order without seeing draft amendments which the Minister intends to table.
12. A potential outcome of amending section 79 is that the provisions of the FG Bill replace the duty to have an SD scheme. Therefore, the existing SD scheme, One Wales One Planet (OWOP), would cease to function.
13. OWOP has gained widespread and cross party support for its ground breaking approach to SD, reflecting ten years experience of developing SD schemes.
14. Specifically we are concerned to ensure the following key elements of OWOP are not lost as a result of this Order.
  - 1) The comprehensive definition of sustainable development, which incorporates the key concepts of 'living within environmental limits, using a fair share of the Earth's resources' and is set in a specifically Welsh context.
  - 2) The comprehensive explanation of internationally recognised SD principles
  - 3) The clear structure of long term visions (goals), key outcomes and measurable and time-bound aims, such as 'reducing greenhouse gas emissions by 3% a year by 2011....'
  - 4) Independent review of the effectiveness of the Scheme.

### **Recommendations**

We consider that a number of issues in the Order and Explanatory Memorandum should be clarified in order to ensure that the current protections afforded by section 79, GOWA are not weakened or put at risk.

15. Request the Minister lays draft amendments before the committee, prior to the committee passing the Order.
16. The Order should provide that the section 79 duty can only be strengthened and not diluted.
17. Due to the high constitutional significance of this clause, we recommend that the Committee seek to ensure that, in future, section 79 should only be amended by primary legislation, with the full scrutiny of the Assembly.
18. The key elements of OWOP, outlined in paragraph 14, should be incorporated into the FG Bill.
19. The Bill must be absolutely clear that in respect of Welsh Government, the objectives and annual reports (clauses 9 and 13) replace the provisions of section 79 GOWA, in regard to the SD Scheme and the Programme for Government.

20. If it is the intention that the Future Generations report replaces the independent effectiveness review, then the powers and the duties of the Commissioner should be reviewed to ensure this is achieved.

12.11.14

For further information, please contact either of the authors of this response.

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## Eitem 3.2

With reference to the proposal for an Order under section 109 of the Government of Wales Act 2006 relating to legislative competency to amend section 79 of that Act (sustainable development)

I understand that the order would amend Schedule 7 to the 2006 Act so as to confer legislative competence upon the National Assembly for Wales to make modification of, or confer power by subordinate legislation to make modification of, section 79 (sustainable development) of the Government of Wales Act 2006 ("the 2006 Act").

I would fully endorse the importance of this order in order to enable the proper functioning of the Wellbeing of Future Generations Bill and to avoid duplication of processes between the new legislation and the existing duties under section 79.

I have made it clear in my submission on the Wellbeing of Future Generations Bill that the new legislation addresses weaknesses in the existing duty, which have been well documented through previous evaluations and effectiveness reviews.

I would be pleased to provide more detail and write formally in this respect in my Commissioner role in this respect if this is helpful.

Best wishes

Peter

Peter Davies

Comisiynydd Dyfodol Cynaliadwy / Sustainable Futures Commissioner  
Cadeirydd Comisiwn Cymru ar y Newid yn yr Hinsawdd / Chairman  
Climate Change Commission for Wales

Carl Sargeant AC / AM  
Y Gweinidog Cyfoeth Naturiol  
Minister for Natural Resources



Llywodraeth Cymru  
Welsh Government

Dame Rosemary Butler AM  
Chair of Business Committee

14 November 2014

Dear 

On 5 November I laid an Order under section 109 of the Government of Wales Act 2006 ("GoWA") which, if approved by the National Assembly and by Parliament, would grant legislative competence to the Assembly to legislate to modify section 79 of GoWA – sustainable development.

My intention, should the Order be made in time, is to bring forward such a modification to GoWA through an amendment to the Well-being of Future Generations (Wales) Bill, ("the Bill"). A shorter period of Committee scrutiny would help ensure that the Order can be made in time to bring forward the amendment to the Bill at the earliest possible time, in Stage 3 of scrutiny.

I also wrote to the Environment and Sustainability Committee, and to the Constitutional and Legislative Affairs Committee (as the two Committees which I have appeared before on the Bill) to draw their attention to the laying of the section 109 Order and to express my willingness to appear again for scrutiny on the Order.

I understand that Business Committee has requested further information about the Government's intentions in relation to amending section 79 of GoWA and considers the provision of a draft amendment would be particularly beneficial in this instance.

The section 109 Order confers legislative competence on the Assembly to make legislation which amends the duty (in section 79 of GoWA) of Welsh Ministers in respect of sustainable development. I would like to emphasise therefore that the merits of the Order, and the merits of the amendment I intend to bring forward in the Well-being of Future Generations (Wales) Bill – which will be subject to separate scrutiny as part of the Bill process – are separate matters. The section 109 Order will confer competence; the Well-being of Future Generations (Wales) Bill will be the first opportunity for the National Assembly for Wales to make use of that competence.

In reflecting the legal context, any revision to section 79 must take account of the new sustainable development duties on Welsh Ministers set out in the Bill, but retain the critical role that promoting sustainable development should have as part of our constitution. To

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illustrate the wider framework of sustainable development duties for Wales, I have set out in Annex A what is required of the current provisions in section 79 of GoWA and the comparative provisions in the Bill and the proposed revision to section 79, which I also include as an annex to this letter.

Should the section 109 Order be made law, but the Bill is not passed by the Assembly, then the proposed amendment to GoWA would fall away with the Bill, although the Assembly would retain legislative competence over section 79 and could pass other legislation making modification to the duty Welsh Ministers are under in respect of sustainable development.

In presenting the draft amendment to you at the annex to this letter, I must of course emphasise that it may be subject to minor changes when the drafting is finalised before it is formally tabled at Stage 3.

I am copying this letter to the members of Business Committee. If you are content, I am happy for this letter and draft amendment to be shared with committees scrutinising the section 109 Order.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Carl Sargeant', written over a horizontal line.

**Carl Sargeant AC / AM**

Y Gweinidog Cyfoeth Naturiol

Minister for Natural Resources

C.C. Paul Davies AM; Jane Hutt AM; Elin Jones AM; Aled Roberts AM; David Melding AM

## **Annex A – Proposed draft provision amending GoWA section 79**

This provision would be brought forward as a Government amendment to the Well-being of Future Generations (Wales) Bill as soon as possible, at Stage 3 of scrutiny.

### **X Promotion of sustainable development**

For section 79 of the Government of Wales Act 2006 (sustainable development) substitute—

#### **“79 Sustainable development**

- (1) The Welsh Ministers must, in the exercise of their functions, make appropriate arrangements to promote sustainable development.
- (2) After each financial year the Welsh Ministers must publish a report containing a statement of the arrangements made in pursuance of subsection (1) that had effect during that financial year and must lay a copy of the report before the Assembly.
- (3) The arrangements referred to in subsection (1) may be made by the Welsh Ministers exercising their functions under section 8(1) of the Well-being of Future Generations (Wales) Act 2014 (duty of Welsh public bodies to set objectives and take steps to meet them in accordance with the sustainable development principle).”.

## Annex B : Comparison of duties in respect of sustainable development

GoWA 2006 s79	WFG Bill	Draft Revised s79 GoWA
<b>Make a scheme to promote SD (s.79(1))</b>	<p>Set well-being objectives which are designed to contribute to the well-being goals (s7).</p> <p>Apply the sustainable development principle in setting and achieving sustainable development (s8).</p>	Make appropriate arrangements to promote sustainable development
<b>Comparison</b>	WFG is more prescriptive as to what the Welsh Ministers should do and moves beyond a 'promote' duty and separate scheme, to well-being objectives that are the core principles of Welsh Ministers plans.	
<b>Keep the SD scheme under review and may remake or revise</b>	Make a statement including how the Welsh Ministers propose to keep the duty under review (s8 (3)).	No requirements.
<b>Comparison</b>	Rather than keeping the scheme under review, the Bill focuses on reviewing how the Welsh Ministers propose to fulfil the duty.	
<b>Publish a report on how scheme proposals have been implemented in the year</b>	Publish a report on the progress it has made in meeting its well-being objectives, including the application of the sustainable development principle (s13).	Report on the arrangements made in that financial year
<b>Comparison</b>	A reporting mechanism has been retained.	
<b>Following an election publish a report containing an assessment of effectiveness</b>	No requirements.	No requirements.
<b>Comparison</b>	Whilst there is no specific requirement for an assessment of effectiveness by the Welsh Ministers, the Future Generations Commissioner is separately under a duty to publish a regular Future Generations	

Report (s.21 of the Bill). As the scope of the new sustainable development duty covers identified public bodies in comparison to s79 GoWA it is therefore an assessment of the improvements which public bodies should make in applying the sustainable development principle.

# Eitem 3.4

Carl Sargeant AC / AM  
Y Gweinidog Cyfoeth Naturiol  
Minister for Natural Resources



Llywodraeth Cymru  
Welsh Government

Eich cyf/Your ref:  
Ein cyf/Our ref: LF CS 1108 14  
Alun Ffred Jones  
Chair  
Environment and Sustainability Committee  
National Assembly for Wales  
Cardiff Bay  
CF99 1NA

3 November 2014

## **Well-being of Future Generations (Wales) Bill**

Thank you for your letter of 24 October 2014 regarding the Well-being of Future Generations (Wales) Bill ("the Bill"). You have requested further information on a number of issues raised during the Committee meeting on 23 October. My response on those issues is provided under the relevant headings below and I have also sought to clarify one other issue raised by the Committee.

In your letter you have asked about the role of the Auditor General for Wales and the concerns he has raised in relation to his powers. I am meeting the Auditor General this week and will feed back to the Committee separately on this matter.

## **Clarification as to whether the Welsh Government will seek National Statistics status for indicators being developed to measure progress in achieving the well-being goals**

The Statistics and Registration Service Act 2007 defines 'official statistics' as all those statistical outputs produced by the UK Statistics Authority's executive office (the Office for National Statistics); central Government departments; the devolved administrations in Northern Ireland, Scotland and Wales; any other person acting on behalf of the Crown; and any other person as specified by order of a Minister of the Crown, the Scottish Ministers, the Welsh Ministers or the Northern Ireland Department. Consequently, under the responsibility of the Chief Statistician, Welsh Government statisticians produce and publish official statistics. All official statistics we produce are compliant with the Code of Practice for Official Statistics. This ensures they are produced to a high professional standard and undergo regular quality assurance reviews to ensure that they meet customer needs.

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'National Statistics' are a subset of official statistics which have undergone assessment by the UK Statistics Authority and have been certified as compliant with the Code of Practice for Official Statistics. Some of the current set of Sustainable Development Indicators for Wales are already designated as National Statistics. Further information on the current set of Sustainable Development Indicators can be found at: <http://wales.gov.uk/statistics-and-research/sustainable-development-indicators>.

I want to ensure that the national indicators (published under Section 11 of the Bill) have the confidence of the people of Wales and are designed to measure progress towards the achievement of the well-being goals. We are considering exactly how the national indicators might be published in the future and designation as National Statistics is something we are exploring.

**How this Bill will complement and interact with the principles, structures and desired outcomes of the Planning (Wales) Bill ("the Planning Bill") and the proposed Environment Bill ("the Environment Bill")**

The principle that connects these Bills is our commitment to sustainable development as the best way to improve the well-being of Wales now and for future generations. In other words, we must:

- work towards achieving the well-being goals applying the sustainable development principle (the Well-being of Future Generations (Wales) Bill);
- put in place a modern statutory process to help plan and manage our natural resources in a more joined up way (the Environment Bill); and
- have an efficient process to ensure the right development is located in the right place (the Planning Bill).

Put simply, the overarching aim of the Bills is to put in place the legislation needed to enable us to secure the long-term well-being of Wales. While the three pieces of legislation focus on different areas of law, the changes are needed to ensure that progress is made to achieve the six well-being goals established in the Bill.

The Bills strengthen existing governance arrangements for improving the well-being of Wales through, for instance, the management of natural resources via the forthcoming Environment Bill and the planning process via the Planning (Wales) Bill.

For example (and in relation to the part of the question about structures), a better understanding of the role that our natural resources play in the long term success of Wales will be secured through the Environment Bill (if enacted) by a statutory State of Natural Resources Report. This will provide Natural Resources Wales (NRW) with an improved evidence base for taking action. The State of Natural Resources Report will also provide better evidence to inform local well-being assessments and the Local Well-being Plans provided for in the Well-being of Future Generations (Wales) Bill.

It is also intended that, through the Environment Bill, some of the bodies that form the Public Services Boards may be asked to contribute information to inform the State of Natural Resources Report and area statements for the sustainable management of natural resources.

The improved evidence base will also assist NRW as part of the proposed Advisory Panel established under the Well-being of Future Generations (Wales) Bill to ensure that the sustainable management of our natural resources is at the heart of the proposed independent Commissioner's Future Generations Report.

Area statements, required under the Environment Bill, may provide a transparent evidence base for the preparation of local well-being assessments, which in turn will inform the Local Well-being Plans for each area in Wales. They will also provide evidence to inform Local Development Plans prepared under existing planning legislation. Public bodies may use area statements when reporting on their progress under the Well-being of Future Generations (Wales) Bill.

The planning system is central to achieving sustainable development and land use in Wales. Planning policy provides for a presumption in favour of sustainable development to ensure that decision-makers balance and integrate social, economic and environmental issues at the same time when taking decisions on individual planning applications.

The existing planning system provides mechanisms to manage the use and development of land that are consistent with sustainability principles and objectives. The Planning Bill is predicated upon a positive, enabling planning system that facilitates, rather than frustrates appropriate development to deliver the homes, jobs and infrastructure that Wales requires, as well as protecting the natural and historic environment both now and in the long term.

Local Planning Authorities should determine planning applications based on their adopted development plans and other material considerations, if appropriate. The plans are, by law, subject to detailed Sustainability Appraisals including Strategic Environmental Assessments. The development plans and national planning framework will be informed and shaped by the well-being goals. I believe that the reformed plan-led approach that the Planning Bill contains is an effective way to contribute to the achievement of the six well-being goals and maximise appropriate investment.

The development plans are also required by law to have regard to the Community Strategy provided for in Part 2 of the Local Government (Wales) Measure 2009, which will be replaced by the Local Well-being Plan in the Well-being of Future Generations (Wales) Bill. Local Well-Being plans are one of a number of plans/matters taken into account when preparing a development plan.

### **Clarification of how the Bill affects the needs of carers and children, particularly the suggestion that Schedule 4 removes express requirements to consider their needs**

I do not consider that Schedule 4 removes any requirement to consider the needs of children nor that the Bill will result in any diminution in legislative provision relating to the needs of carers.

Over the past three years the Welsh Government has taken steps to encourage Local Service Boards (LSBs) to adopt a more systematic approach to integrating separate plans and partnerships, both statutory and non-statutory. This implements the Programme for Government commitment (Chapter 2) to "simplify our statutory partnership structures, removing the need for so many separate plans, needs assessments and committees".

Part 4 of the Well-being of Future Generations (Wales) Bill is consistent with this approach and will legislate to reform and streamline partnership working making more effective use of public resources by requiring different public services to work together and to make plans to

address the well-being of their areas in an integrated way, instead of seeking to address problems in siloes.

In line with this approach, Schedule 4 provides for the repeal of separate planning requirements, including:

- The repeal of section 40 of the National Health Service (Wales) Act 2006 which requires the production of a health and well-being strategy by the local authority and Local Health Board, and, following amendment by the Social Services and Well-being (Wales) Act 2014, the submission to the Welsh Ministers of any part of this strategy which relates to the health and well-being of carers; and
- The repeal of section 26 of the Children's Act 2004 which requires that a children's services authority in Wales must prepare and publish a plan setting out the authority's strategy for discharging their functions in relation to children and relevant young persons.

It is worth noting that in practice these strategic planning duties are already discharged through the current, non-statutory, single integrated plans produced by local service boards. Thus, no separate children and young persons plans and health and well-being plans currently exist, but are instead integrated within single integrated plans.

As regards carers, the Bill repeals the section of the National Health Service (Wales) Act 2006 under which health and well-being strategies are produced but it replaces the requirements relating to those strategies with a robust and rigorous process for assessing the well-being of an area (section 35 of the Bill) to inform the production of local well-being plans (section 37 of the Bill).

Section 36 of the Well-being of Future Generations (Wales) Bill will specifically require Public Services Boards to take into account the most recent assessment of the needs for care and support, support for carers and preventative services produced under section 14 of the Social Services and Well-being (Wales) Act 2014 when preparing its assessment of local well-being. This requirements sits alongside the other duties in that Act for Local Authorities and Local Health Boards to promote an individual's well-being, including children, adults in need and carers, and to provide a range of preventative services in their area.

As regards children, the Bill does not remove the substantive duties on public bodies to take the needs of children into account; it merely simplifies how these functions are discharged.

For example it will not repeal section 25 of the Children Act 2004, which requires each local authority to make arrangements to promote co-operation with a view to improving the well-being of children. It simply amends the Act to provide that information about these arrangements can be included in the local well-being plan rather than through a separate plan.

More generally I believe that the planning, governance, scrutiny and reporting provisions in Part 4 of the Bill provide comprehensive mechanisms for ensuring that the needs of specific groups are considered. In brief:

- The assessment of well-being produced under section 35 of the Bill must include an analysis of the state of well-being in each community in the Public Services Board's area and in the area as a whole;

- The assessment of local well-being must also include an analysis of the state of well-being of any category of persons whom the Board considers to be vulnerable or disadvantaged;
- The local well-being plan must explain how the objectives the Board has chosen will contribute to addressing the matters mentioned in the most recent assessment of local-wellbeing;
- Both the assessment of local well-being and the draft local well-being plan must be consulted on. Consultees include representatives of residents in an area and any voluntary organisations the board considers appropriate. This will give stakeholder representatives considerable opportunities to raise any concerns they have over how their well-being has been assessed and how the local well-being plans address those concerns;
- The decisions made by the Board in the exercise of its functions (including the assessment of well-being and the well-being plan) as well as its governance arrangements will be subject to scrutiny by a designated local government scrutiny committee. The committee will have the power to require the Public Services Board, or any one of its members, to attend a meeting of the committee and provide it with explanations of such matters as it may specify.
- The Bill contains powers for the Welsh Ministers to issue guidance to Public Services Boards about the preparation of the assessment of local well-being and the local well-being plan. This can be used to emphasise the importance of taking account of, and engaging with, stakeholder groups.

While the emphasis is firmly on local accountability and scrutiny, the Welsh Ministers will have powers to refer matters to the local authority scrutiny committee and to direct a Public Services Board to review its local well-being plan. These powers could be used in the event that concerns are raised over whether the needs of specific stakeholders were being adequately reflected or addressed, or if they are not satisfied that statutory duties are being planned for or discharged effectively.

### **Section 36 – the rationale for the provision and the list of reviews/assessments**

Section 35 of the Bill requires the Public Services Board to produce a comprehensive and detailed assessment of the state of economic, social and environmental well-being in its area, including an analysis of the state of well-being in each community in its area.

The list of reviews and assessments set out in section 36 details existing statutory assessments the Public Services Boards must take into account **in addition to** carrying out their own assessments. The requirement for a Public Services Board to take those existing assessments into account is intended to support and assist the Board in producing its own assessment of well-being under section 35 of the Bill. The list of those assessments does not restrict or circumscribe the wide range of matters the Board is to take into account in producing its own assessment

The existing assessments referred to in section 36 can loosely be characterised as “social” but, as explained above, there is a clear requirement that the Public Services Boards take full account of the environmental and economic needs of their areas, as well as the social needs.

The Bill also enables the Welsh Ministers to update the list of assessments in section 36 by regulations, for example, should relevant new statutory assessments be enacted, whether they relate to economic, social or environmental matters.

I trust that this is helpful and responds to the Committee's specific questions.

A handwritten signature in black ink, appearing to be 'CS', followed by a period.

**Carl Sargeant AC / AM**  
Y Gweinidog Cyfoeth Naturiol  
Minister for Natural Resources

# Eitem 3.5

Carl Sargeant AC / AM  
Y Gweinidog Cyfoeth Naturiol  
Minister for Natural Resources



Llywodraeth Cymru  
Welsh Government

Eich cyf/Your ref:  
Ein cyf/Our ref: LF CS 1160 14  
Alun Ffred Jones  
Chair  
Environment and Sustainability Committee  
National Assembly for Wales  
Cardiff Bay  
CF99 1NA

November 2014

## Well-being of Future Generations (Wales) Bill

Further to my letter of 3 November, I can now update the Committee that I had a productive meeting with the Auditor General for Wales about his role in respect of the Well-being of Future Generations (Wales) Bill last week. Our respective officials will be meeting shortly to further discuss this matter.

I will of course feed back to the Committee following that meeting.

Carl Sargeant AC / AM  
Y Gweinidog Cyfoeth Naturiol  
Minister for Natural Resources

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13 Tachwedd 2014

Annwyl Alun

Diolch am eich llythyr dyddiedig 28 Hydref. Roedd yr ymchwiliad, yn fy marn i, yn ddefnyddiol gan iddo dynnu sylw at bryderon y rhanddeiliaid coedwigaeth a'n helpu i glustnodi'r meysydd lle gallai Cyfoeth Naturiol Cymru weithio gyda Llywodraeth Cymru mewn partneriaeth â'r sector i ddatblygu cynllun i gryfhau'r gefnogaeth i'r diwydiant coedwigaeth.

Dyma'r meysydd hynny:

1. Gwella ansawdd y cyfathrebu â'r sector coedwigaeth
2. Bod yn fwy agored ynghylch rheoliadau coedwigaeth a lefelau cydymffurfio
3. Bod yn fwy agored ynghylch ffeithiau a ffigurau cynhyrchu pren, rhagolygon a chyflenwi
4. Rheolaeth well ar gynhyrchu a chyflenwi pren ar ystâd goed Llywodraeth Cymru ac adnodd coedwigoedd Cymru
5. Cydnabod effaith rheoli adnoddau naturiol mewn ffordd integredig a gwneud penderfyniadau ar sail ecosystem ar yr hyn y mae Llywodraeth Cymru'n ei wneud trwy ei strategaeth goedwigaeth, *Coetiroedd i Gymru* ac yn y sector coedwigaeth
6. Pennu rôl a phwrpas ystâd goed Llywodraeth Cymru a'i blaenoriaeth strategol o ran rhoi blaenoriaethau polisi Llywodraeth Cymru ar waith
7. Gwella'r gefnogaeth i'r sector coedwigaeth i weithredu yn unol â blaenoriaethau polisi Llywodraeth Cymru trwy dargedu cyllid, cyngor ac arweiniad yn effeithiol
8. Hyrwyddo buddiannau coedwigaeth
9. Cadarnhau bod digon o sgiliau coedwigaeth yn Cyfoeth Naturiol Cymru
10. Paratoi adroddiadau ar gynnydd.

Mae Cyfoeth Naturiol Cymru a Llywodraeth Cymru'n gweithio eisoes gyda'r sector coedwigaeth i ddatblygu cynllun ar gyfer gweithredu'r 10 maes allweddol uchod. Bydd amcanion penodol iddo.

Fel ym mhob corff newydd, daw cyfnod pan fydd yn rhaid rhoi ar waith y newidiadau anorfod i'r trefniadau blaenorol. Bydd hynny'n destun peth siom ond rwy'n siŵr y gwnewch chi gytuno fod y corff newydd yn mynd rhagddo'n dda. Rwy'n credu y bydd hynny'n parhau. Mae staff ac aelodau Cyfoeth Naturiol o ddifrif ynghylch eu gwaith, ac fel ein corff rheoli tir mwyaf, maen nhw'n ymroi i ddarparu gwasanaeth sy'n gwella i bobl Cymru. Mae ganddyn nhw lond côl o waith i'w wneud ac er mai megis dechrau ydym ni ar hyn o bryd, gyda chefnogaeth eu rhanddeiliaid a'u partneriaid, byddan nhw'n cryfhau. Dyna pam rwy'n croesawu'r argymhellion y mae'r Pwyllgor wedi'u rhoi ger fy mron mewn cysylltiad â'r ymchwiliad hwn.

Rwy'n cyfarfod yn rheolaidd â Phrif Weithredwr Cyfoeth Naturiol Cymru yn ogystal â chynrychiolwyr y sector coedwigaeth a byddaf yn cadw golwg ar y meysydd allweddol gyda nhw. Rwy'n hyderus y gallwn ddisgwyl ymlaen at gymryd camau positif a ffrwythlon ymlaen yn hyn o beth.

Yn gywir



**Carl Sargeant AC / AM**  
Y Gweinidog Cyfoeth Naturiol  
Minister for Natural Resources

Mae cyfyngiadau ar y ddogfen hon