

Pwyllgor Newid Hinsawdd, yr Amgylchedd a Seilwaith /  
Climate Change, Environment and Infrastructure Committee  
Blaenoriaethau ar gyfer y Chweched Senedd / Priorities for the Sixth Senedd  
PR07  
Ymateb gan FSB Wales / Evidence from FSB Wales

23 August 2021

Climate Change, Environment and Infrastructure Committee  
Senedd,  
Pierhead St,  
Cardiff  
CF99 1SN

Dear Llyr Gruffydd MS,

**RE: Priorities for the Committee**

FSB Wales is the authoritative voice of businesses in Wales, with around 10,000 members. It campaigns for a better social, political, and economic environment in which to work and do business. With a strong grassroots structure, a Wales Policy Unit and dedicated Welsh staff to deal with Welsh institutions, media and politicians, FSB Wales makes its members' voices heard at the heart of the decision-making process.

FSB welcomes the opportunity to respond to the committee's call for views on its priorities. Committees serve a vital role in providing scrutiny of the government, in providing a key role in influencing policy development, and as a constructive engagement point for evidence and understanding between the legislature and civil society, including our role in representing small businesses.

With continuing issues arising from Covid, the possibility of further disruptions, and the legacy of the damage the pandemic has wrought alongside the impetus to build an economic recovery, the role of committees will be of even more importance this term.

As such, insofar as possible, it is important that the Senedd's capacity and abilities are used to the full in this process, and that the structure allows committees – and their Chairs - to be agile and able to respond quickly to events this Winter, as well as in providing scrutiny and policy development for the challenges ahead. It is in the spirit of supporting this democratic process and committees as the engine room of Welsh democracy that we respond to this consultation.

The Climate Change, Environment and Infrastructure committee covers key areas of priority for FSB Wales, and we look forward to working with you over the coming term.

**Ways of Working**

We note that the new Committees structure includes the following:

- The Sixth Senedd has for the moment opted for smaller membership in committees (4-6).
- This should allow members to build more specialism, but at the cost of more diverse voices in each committee (as was the case with larger committees).



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- It is important to push for the advantages of building focused specialism is nurtured and maximised, but the diversity and small pool is mitigated (e.g., through cross-committee working).

Potentially, this structure could allow for more agility which as there may well remain issues arising requiring quick reaction, policy response and scrutiny over the next period, could be extremely useful. This would require significant autonomy for committees to pursue their own path and ways of working.

However, the decision has also been taken to cut the number of committee meetings to be fortnightly rather than weekly.

- Smaller committees should allow MSs being able to populate across them better, but fewer meetings do not seem to add value in this respect.
- There are also dangers to scrutiny and policy development – the role of scrutiny (legislative and non-legislative) as we open up after Covid is important, with myriad issues across all policy areas important. Committees have an important role in this respect and halving the time for scrutiny in a stroke makes little sense. This is a particular issue for small business issues, as we are concerned that vital areas of economic recovery may not be properly addressed or scrutinised.
- There is a danger that the pressure will force committees to focus on necessary legislative scrutiny alone, while relegating wider scrutiny and policy inquiries to the margins (including on business issues and day to day issues around Covid, for example).
- Some Committees have wide and disparate subject areas, and there is a danger that whole policy areas will be relegated to the side-lines.
- As well as being the engine room of democratic scrutiny of Government, committees are a vital interface for contact and policy evidence from civil society – there is a danger that the pool of evidence is further narrowed, and a focus is on the narrower ‘usual suspects’ providing evidence posing a danger of group-think and less diverse views being taken in oral evidence.
- As noted above, committees will need to be agile in continuing to respond to Covid and the various issues raised by the pandemic will continue to impact for the Senedd term. These limits on their work may mitigate against that and undermine responsive policy development and scrutiny. As such, it makes sense to allow autonomy for Committees to pursue their own ways of working, including additional meeting and inquiries. As such, the two-week meetings should be seen as a baseline rather than a ceiling for activity and scrutiny.

Cross committee working will be vital to mitigate against small committees meaning a greater focus but a danger of silo working and loss of diverse offices bringing in a range of policy field lenses and understanding how they intersect. We therefore encourage cross committee inquiries as a minimum (and suggestions later in paper on subjects that span committees).

It is also possible to look at ways as a regular way of working and ensuring policy span through MSs from different committees could sit as non-voting ‘guests’ or bringing committee expertise and lens to particular meetings (e.g., climate change members sitting in on discussions on housing capital spending policy).



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This way of working will also be important in terms of scrutiny of the substance and operation of Welsh Government – through the ‘Super ministry’ of Climate Change as a central organising department looking to ensure cross departmental and holistic working, it is important that Senedd is able to mirror this and provide adequate scrutiny across policy areas accordingly.

Business concerns sit across many departments, and within intersecting policy subjects so it is important for FSB and small business concerns too.

### Recommendations

- That committees are allowed freedom (as decided unanimously by all their members) to look at the fortnightly meetings as a baseline and so can organise more meetings as suits them or for specific inquiries.
- We would urge a view to cross committee working on intersecting subject areas and inquiries – and that these can be on top of the fortnightly meetings.
- To mitigate against small committees being a small pool we would urge that committees can co-opt other MSs (including possibly spokespeople retain a right to attend and question) as non-voting members for individual sessions, and to be encouraged and incentivised to do so. These could also be as members of other committees to encourage cross sectoral views.
- It is vital, with the continuing uncertainty surrounding Covid-19 that Committees can react with agility to raise issues, conduct inquiries and scrutinise reactively and quickly as needed. Committees and their chairs should be able to do this with as much autonomy as possible over their schedules and ways of working (with necessary checks of unanimity in committee as appropriate).

### FSB’s suggested key policy areas of work for Climate Change Environment and Infrastructure Committee

- What you think about [the Minister and Deputy Minister’s priorities for the next 12-18 months](#). In particular, which of these priorities the Committee should be focusing on over the next year or so?
- The Committee is interested in hearing about any other subject you think should be prioritised over the next 12-18 months. Please set out why you think your suggested subject should be a priority for the Committee.

As an organisation, FSB has been clear in its support for the transition towards a low carbon, and environmentally sustainable economy. In general, our approach to environment policy starts from the following principles:

- 1) Small businesses recognise and support the broad, long-term objectives of climate change and environmental sustainability policies.
- 2) Small businesses want to do the right thing and play their part.
- 3) A long-term, strategic approach to environmental policy making is far better than a short-term, reactive approach.



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- 4) Policy solutions must be evidence-led.
- 5) The impact of policies on small businesses must be understood in granular detail.
- 6) Small businesses should be given adequate time to adapt to new requirements.
- 7) Those small businesses that are particularly impacted, or least able to adapt, should be identified and provided with additional support/time to adapt.

We believe that approaches to environmental policy should follow the above principles. By doing so, we can ensure SMEs are properly brought in to the transition towards a low carbon and sustainable economy, and help to translate our ambitions into practice.

In a comprehensive Welsh survey we conducted last year 73% say that small businesses have a responsibility to help achieve climate change targets. Only 30% of businesses view environmental legislation as impacting on their business' financial position, and this links with our previous work showing SMEs view this general agenda in terms of bringing opportunities. In our 2019 report on infrastructure, we found that with 26% thought a low carbon economy was an opportunity for their business, with 49% not seeing it as having an impact, and only 15% viewing it as a threat, matching similar UK surveys we have done previously.

However, only 24% feel they 'know enough' about Welsh Government policy on the environment, which indicates a substantial knowledge gap which suggests the needs of a much clearer articulation of such policies for business by the next government if businesses are to be a part of the solution.

- COP26 provides an opportunity to raise awareness among SMEs on Welsh and UK government's 2021 environmental strategy and the expectations of, and opportunities for, SMEs. However, there is little detail on what Welsh Government will do on COP. What Welsh Government is looking for in terms of its engagement with COP26 is an early question for the committee to raise.

Fortunately, these issues of knowledge and understanding are in areas that can be addressed by government policy and notes the importance of business support in this policy area.

Our recommendations for Welsh Government are in our recent report 'The New Normal: SMEs and the Environment'. These include:

- Provide an advice line for SMEs on environmental issues through Business Wales.
- Consider including business premises in schemes such as Arbed, targeted at landlords to improve energy efficiency, with incentives such as low cost or 0% APR loans.
- Set out a roadmap for our transition towards electric vehicles
- Ensure new recycling and waste regulations understand SMEs' needs

In that report we also outline clear areas of priority, including supporting business and understanding the practical barriers to SMEs in transitioning to EVs. FSB identified that Wales is behind the curve in relation to the rollout of EV charging infrastructure. Welsh Government should intervene, as it did with Superfast Cymru, to address areas of market failure and introduce a national charging network. It also noted the need to understand how SMEs procure vehicles (e.g. through leasing arrangements of a few years) and build these into a strategy for transition. Given its



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new responsibilities on infrastructure, the committee should look into ways to tackle the practical aspects and implementation of the Welsh Government strategy, and its progress.

FSB are continuing engagement work around COP, looking at practical issues for our members, and our policy work will continue to develop in response to the process leading to and the outcomes from COP.

On the question of the Minister's main priorities (as outlined in the letter to the Chair) are correct in outlining the aims of policy for the long term. They remain at the abstract level and need to be put into a programme for implementation with clear milestones and priorities within areas. The First Minister has noted of the Programme for Government that it was published quickly in order to place the headline priorities in front of the Senedd and a clear national strategy needs to follow. The Committee should push for greater detail on the micro-level implementation.

FSB Wales has called for an Economic Development Bill that would provide clarity on the strategy and mission of economic development and aligning a value-led economic strategy with social and environmental aims as mutually reinforcing. The committee should work to ensure that the role of economic opportunity is included as a central plank for policy and could work with the Economy, Trade and Rural Affairs Committee to this end.

The importance of Covid recovery should set this as a priority in all capital spend and align economic, social and environmental issues and requiring building capacities and capabilities to take advantage of the Welsh Government's long-term mission.

The climate change department represents a new way of working for Welsh Government with new opportunities for cross-governmental working. The Committee should look to see what this means in practice, and how it helps promote a joined-up approach, how it relates to other departments; and whether it is providing the necessary role and bureaucratic structure for success, or whether it risks becoming a bigger department that acts traditionally.

These issues align with what would be the micro level concerns of SMEs and firms. As the messaging around terms such as 'net zero' remains abstract, it does not align with the daily experiences of members. It is important that the implementation of policy makes clear the duties of SMEs, provides the tools for adaptation and understanding of what tools are available, and engages with the SME sector accordingly. The Committee should look to also understand the challenges to different sectors, the language used, and how to mitigate these and build buy-in to the necessary steps, alongside understanding new opportunities for SMEs. This should be a clear part across the policy fields outlined by the Minister. A significant test would be whether SMEs can answer the question 'how can I make a difference, and what tools are available to do so?'

On SME issues, the cost of recycling and its inconsistency across different areas form a barrier to good practice and the circular economy opportunities. It would be useful to monitor to what extent the new strategy is working, its progress and whether it is succeeding.

Given the importance of business support and advice for success in this area, it is vital that the business support infrastructure has the capacity and capability to provide advice, signposting and address the barriers to SMEs. As such, the continued huge uncertainty on the available funding for business support is a pressing issues. Providing clear and effective business support infrastructure is vital not just for SMEs' economic recovery, but in growing



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them and maximising their contribution to the economy, and ensuring they can play their part in developing more sustainable economy.

It is important for the committee to build expertise on infrastructure as a new policy field within its remit. Co working with other Committees can be helpful in this regard also, and there are areas of interest for the environment committee that will reach across different committees. (e.g., green housing and capital spend on housing retrofitting and small developers).

The Welsh Government has set a target (without real indication of how it is to be measured) of 30% of employees in Wales to work remotely. An analysis of how this is to work, identifying the opportunities and wider issues such as housing costs, sectoral impact, economic opportunities for towns and property strategies, workforce safety and development, as well as environmental impact would be useful. We believe that analysis of this policy proposal requires a holistic approach. This work could be undertaken in conjunction with other Committees.

### Subject areas for Joint working with other committees

Our suggestions above advocate a dynamic and agile role in co-working and cross committee working, utilising all the backbench capacity and capabilities as much as possible, and reducing possible silos in policy scrutiny and development. The following list gives some indications of possible areas of work, although this is not exhaustive list, and priorities will be necessarily shaped by wider issues of Welsh Government priorities and external factors such as Covid-19 and Brexit. Working iteratively with other committees will also shape framing of subject areas, and we believe this would generally be positive for inquiries and scrutiny.

Subject area	Possible partner committee(s)
Developing Green Supply chain and procurement	Economy, Trade, and Rural Affairs Committee  Health Committee (for example) if looking at larger public sector procurement and learning from Covid
Remote Working	Economy, Trade, and Rural Affairs Committee  Housing and Local Government Committee
Local food supply chains and agriculture post Brexit	Economy Trade and Rural Affairs Committee
Alignment of Economic, social and environmental objectives into economic development in Wales – Economic Development Bill	Economy, Trade, and Rural Affairs Committee  Equality and Social Justice Committee



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Business support in Wales and UK, environment advice and opportunities, access to finance and post Brexit funding	Economy, Trade, and Rural Affairs Committee
Green housing and capital spend on housing retrofitting and small developers	Local Government and Housing Committee Economy, Trade, and Rural Affairs Committee

FSB Wales would welcome the opportunity to discuss this issue with your officials, should you deem it useful.

Yours sincerely,

**Ben Cottam**  
**Head of Wales**  
**FSB**