



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

Y Pwyllgor Amgylchedd a Chynaliadwyedd **The Environment and Sustainability Committee**

Dydd Mercher, 16 Hydref 2013
Wednesday, 16 October 2013

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Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynndi yn y pwyllgor. Yn ogystal,
cynhwysir trawsgrifiad o'r cyfieithu ar y pryd.

These proceedings are reported in the language in which they were spoken in the committee.
In addition, a transcription of the simultaneous interpretation is included.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Mick Antoni	Llafur Labour
Yr Arglwydd/Lord Elis-Thomas	Plaid Cymru (Cadeirydd y Pwyllgor) The Party of Wales (Committee Chair)
Russell George	Ceidwadwyr Cymreig Welsh Conservatives
Llyr Gruffydd	Plaid Cymru The Party of Wales
Julie Morgan	Llafur Labour
William Powell	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Antoinette Sandbach	Ceidwadwyr Cymreig Welsh Conservatives
Joyce Watson	Llafur Labour

Eraill yn bresennol
Others in attendance

Andrew Charles	Pennaeth Datblygu Cynaliadwy, Llywodraeth Cymru Head of Sustainable Development, Welsh Government
Jeff Cuthbert	Aelod Cynulliad, Llafur (y Gweinidog Cymunedau a Threchu Tlodi) Assembly Member, Labour (the Minister for Communities and Tackling Poverty)
Alun Davies	Aelod Cynulliad, Llafur (y Gweinidog Cyfoeth Naturiol a Bwyd) Assembly Member, Labour (the Minister for Natural Resources and Food)
Dr Christianne Glossop	Y Prif Swyddog Milfeddygol Chief Veterinary Officer
Julia Hill	Gwasanaethau Cyfreithiol, Tim Amaeth a Materion Gwledig, Llywodraeth Cymru Legal Services, Rural Affairs and Agriculture Team, Welsh Government
Jane Hutt	Aelod Cynulliad, Llafur (y Gweinidog Cyllid) Assembly Member, Labour (the Minister for Finance)
Fiona Leadbitter	Swyddog Polisi, Tim Polisi Ceffylau, Llywodraeth Cymru Policy Officer, Equine Policy Team, Welsh Government
Jo Salway	Dirprwy Gyfarwyddwr, Cyllidebu Strategol, Llywodraeth Cymru Deputy Director, Strategic Budgeting, Welsh Government
Andrew Slade	Cyfarwyddwr Amaeth, Bwyd a'r Môr, Llywodraeth Cymru Director, Agriculture, Food and Marine, Welsh

Government

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

Chloe Corbyn	Y Gwasanaeth Ymchwil Research Service
Alun Davidson	Clerc Clerk
Gwyn Griffiths	Uwch-gynghorydd Cyfreithiol Senior Legal Adviser
Catherine Hunt	Dirprwy Glerc Deputy Clerk
Martin Jennings	Gwasanaeth Ymchwil Research Service
Nia Seaton	Gwasanaeth Ymchwil Research Service
Naomi Stocks	Ail Glerc Second Clerk

*Dechreuodd y cyfarfod am 09:32
The meeting began at 09:32*

**Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introduction, Apologies and Substitutions**

[1] **Yr Arglwydd Elis-Thomas:** Bore da i'r Gweinidog a chroeso i'r sesiwn hon o'r pwyllgor lle byddwn yn craffu ar y gyllideb ddrafft ar gyfer y flwyddyn ariannol sydd o'n blaen. Mae gennym ymddiheuriadau oddi wrth Julie James, ac mae gennym un lle gwag ar y pwyllgor o hyd.

Lord Elis-Thomas: Good morning to the Minister and welcome to this committee session where will scrutinise the draft budget for the next financial year. We have received apologies from Julie James, and we still have a vacancy on the committee.

09:33

**Cyllideb Ddrafft 2014-2015: Craffu ar y Gweinidog Cyfoeth Naturiol a Bwyd
Draft Budget 2014-2015: Scrutiny of the Minister for Natural Resources and Food**

[2] **Yr Arglwydd Elis-Thomas:** Rwyf am ddechrau gyda'r llythyr yr oeddwn yn teimlo ei bod yn briodol i mi ei anfon ynglŷn â'r ffaith ein bod wedi derbyn papurau'r gyllideb yn hwyr. Nid wyf eisiau ailadrodd yr hyn sydd yn y llythyr, gan ei fod ar gael i'r Aelodau, ac mae'r Aelodau yn cefnogi'r cynnwys, wrth gwrs. Yr unig beth y byddwn ei eisiau, Weinidog, yw, pan fyddwch yn ateb y llythyr, y byddwch yn dweud na fydd hyn yn dod yn arfer. Yr hyn sy'n fach o boendod i ni yw'r ffaith bod y papurau'n hwyr wedi rhoi pwysau mawr arnom ni fel Aelodau ac, wrth gwrs, ar ein staff, yn ogystal â golygu

Lord Elis-Thomas: I will start with the letter that I felt it was appropriate for me to send regarding the fact that we have received the budget papers late. I do not want to reiterate what is contained within the letter, because it is available to the Members, and the Members support its contents, of course. All that I would want, Minister, is, when you respond to the letter, that you will state that this will not become a habit. What is of concern to us is the fact that the late arrival of the papers has placed great pressure on us as Members, and, of course, on our staff, as well as meaning that we as a committee were out

ein bod allan o drefn—a nid wyf yn hoffi cadeirio pwyllgor sydd mas o drefn—yn yr ystyr nad ydym yn gallu cyhoeddi ein papurau nag yn gallu dilyn Rheolau Sefydlog y Cynulliad. Dyna'r pwynt sylfaenol roeddwn eisiau ei wneud.

of order—and I do not like to chair a committee that is out of order—in the sense that we could not publish our papers nor could we follow the Assembly's Standing Orders. That is the fundamental point.

[3] **The Minister for Natural Resources and Food (Alun Davies):** Okay.

[4] **Yr Arglwydd Elis-Thomas:** Diolch yn fawr. Llyr Gruffydd sy'n cychwyn.

Lord Elis-Thomas: Thank you very much. Llyr Gruffydd will start.

[5] **Llyr Gruffydd:** Diolch, Gaderiyydd. Bore da, Weinidog. Rwyf eisiau gofyn am y ffaith bod swm o £346 miliwn wedi ymddangos yn y gyllideb ddrafft nad oedd yn y gyllideb atodol a gytunwyd yn ôl ym mis Mehefin. Mae'n ymddangos bod camgymeriad wedi ei wneud yn y gyllideb atodol honno ar ôl ailstrwythuro'r Cabinet ac ailstrwythuro'r gyllideb yn sgîl hynny, oherwydd mae rhywun yn tybio bod y llinell gyllideb benodol honno o £346 miliwn ar gyfer taliadau sengl i ffermwyr wedi cael ei cholli rhywle yn y broses. Rwy'n tybio eich bod yn ymwybodol o hyn. Rwyf eisiau gofyn cwpwl o gwestiynau o gwmpas hynny oherwydd mae rhywun yn gresynu ei bod yn bosib gwneud hynny i raddau helaeth. A allwch gadarnhau bod y gyllideb honno yn benodol yn ymwneud â'r taliadau sengl i gychwyn, ac os nad ydyw—

Llyr Gruffydd: Thank you, Chair. Good morning, Minister. I want to ask about the fact that a sum of £346 million has appeared in the draft budget that was not in the supplementary budget that was agreed back in June. It appears that a mistake has been made in that supplementary budget after the restructuring of the Cabinet and the restructuring of the budget in the wake of that, because one would assume that that specific budget line of £346 million for single farm payments has been lost somewhere in the process. I presume that you are aware of this. I want to ask you a few questions around that because one is surprised that that could happen to some extent. Could you confirm that that budget is specifically related to the single farm payment, and if it is not—

[6] **Alun Davies:** Mae e.

Alun Davies: It is.

[7] **Llyr Gruffydd:** Iawn. A ydych yn tybio felly bod y camgymeriad hwnnw yn mynd i achosi unrhyw drafferthion i chi pan mae'n dod i wneud y taliadau hynny?

Llyr Gruffydd: Okay. Do you think therefore that that mistake will cause you any problems when it comes to making those payments?

[8] **Alun Davies:** Na.

Alun Davies: No.

[9] **Llyr Gruffydd:** Sut ydych chi fel adran felly yn delio â'r sefyllfa honno? Hynny yw, a oes disgwyl i'r Llywodraeth dynnu cyllidebau yn ôl o rannau eraill o wariant y Llywodraeth, neu a fyddwch yn dod o hyd i symiau fel yna o fewn eich cyllideb eich hun?

Llyr Gruffydd: How do you as a department deal with that situation? That is, is the Government expected to draw down budgets from other Government spending areas, or will you find such sums from within your own budget?

[10] **Alun Davies:** Roedd yn gamgymeriad gweinyddol. Nid oedd yr arian wedi cael ei golli; roedd yr arian yno. Camgymeriad gweinyddol oedd e, nid camgymeriad cyllidebol.

Alun Davies: It was an administrative error. The funding had not been lost; the money was there. It was an administrative error, not a budgetary error.

[11] **Llyr Gruffydd:** Felly, o ble mae'r arian yn dod i dalu am y llinell gyllidebol honno nawr achos rydych £346 miliwn yn brin yn y gyllideb?

Llyr Gruffydd: So, where will that funding come from to pay for that budget line because you are now £346 million short in your budget?

[12] **Alun Davies:** Nac ydym, oherwydd mae arian yn dod mewn a mynd syth mas. Nid yw'n rhan o gyllideb yr adran fel petai. Felly, mae'r arian yno, ac rydym yn gwneud taliadau heddiw, fel mae'n digwydd, i rai ffermwyr yng Nghymru.

Alun Davies: No, we are not because moneys come in and go straight out. It is not part of the departmental budget as it were. Therefore, the funds are there, and we are making payments today, as it happens, to some farmers in Wales.

[13] **Llyr Gruffydd:** Rwy'n deall hynny, ond gan nad oedd yn rhan o'r gyllideb atodol, mae swm yn rhywle o fewn y Llywodraeth sy'n gorfod cael ei neilltuo i wneud y taliadau hyn nawr nes ei fod yn gallu cael ei dalu'n ôl, gan dybio y bydd yn cael ei gynnwys yn y gyllideb atodol nesaf. A ydych chi'n gwybod o ble mae'r arian yna yn dod?

Llyr Gruffydd: I understand that, but as it was not part of the supplementary budget, there is a sum of money somewhere within the Government that has to be allocated to make these payments until it can be paid back, presuming that it will be included in the next supplementary budget. Do you know where that money is coming from?

[14] **Alun Davies:** Fel y dywedais, roedd yn gamgymeriad gweinyddol nid yn gamgymeriad cyllidebol, felly does dim *impact* o gwbl ar y gyllideb a dim *impact* o gwbl ar ein gallu i wneud taliadau. Mi fydd miloedd o ffermwyr heddiw yn derbyn taliadau o'r arian rydych wedi sôn amdano.

Alun Davies: As I said, it was an administrative error rather than a budgetary error and, therefore, there is no impact at all on the budget and no impact whatsoever on our ability to make payments. Thousands of farmers will today receive payments from the funding that you have mentioned.

[15] **Llyr Gruffydd:** Ie, ond mae'r arian rydych yn ei ddefnyddio i dalu'r ffermwyr hynny yn gorfod dod o rywle o fewn eich cyllideb chi.

Llyr Gruffydd: Yes, but the money used to pay those farmers has to come from somewhere within your budget.

[16] **Alun Davies:** Na, mae'n dod o Ewrop. Arian sy'n dod mewn i'r gyllideb yw e ac rydym yngweinyddu'r arian ac mae'n mynd syth mas.

Alun Davies: No, it comes from Europe. It is funding that comes into our budget and we administer that funding and it is paid straight out.

[17] **Llyr Gruffydd:** Rwyf wedi trio cwprwl o weithiau nawr. Hynny yw, mae'r gyllideb atodol £346 miliwn yn brin o ran yr hawl sydd gennych chi i wario'r arian hwnnw, felly mae'n rhaid eich bod chi'n tynnu'r arian o ryw gronfeydd eraill o fewn y Llywodraeth fel bod yr arian yna yn *physically* gallu mynd mas cyn eich bod chi'n gallu ei gael e nôl.

Llyr Gruffydd: I have tried a few times now. That is, the supplementary budget is £346 million short in terms of the right that you have to spend that money, so you must be drawing that money from other funds within the Government so that that money can physically go out before you can get it back.

[18] **Alun Davies:** Nid yw'n arian Cymreig. Rydych yn sôn am daliadau piler 1, ac fel rwyf ti'n gwybod, ac fel y dylai pawb yn y fan hon wybod, arian sy'n dod o'r Comisiwn yw e, nid o gyllideb y

Alun Davies: This is not Welsh funding. You are talking about pillar 1 payments, and as you know, and as everyone here should know, that is funding provided by the Commission, not from the Government's

Llywodraeth. Mae'r Llywodraeth yn gweinyddu'r taliadau fel petai, fel *paying agency*, ac mae'r taliadau yn cael eu gwneud. Felly, er ei bod yn gallu ymddangos ar lyfrau'r Llywodraeth, nid cyllideb y Llywodraeth ydyw, ac nid ydym yn tynnu arian o rywle arall i wneud y taliadau. Rydym yn tynnu arian o'r Comisiwn i wneud y taliadau.

budget. The Government administers the payments as it were, like a paying agency, and those payments are made. So, although it may appear on the Government's books, it is not part of the Government's budget, and we are not drawing money from elsewhere to make the payments. We are drawing money from the Commission to make those payments.

[19] **Llyr Gruffydd:** Ydy e'n eich poeni bod camgymeriad fel hwn yn gallu digwydd o fewn eich hadran?

Llyr Gruffydd: Does it concern you that a mistake like this can happen within your department?

[20] **Alun Davies:** Mae'n fy mhoeni i, ond nid yw e'n fy mhoeni yn y ffordd—. Yn amlwg, mae hon yn sgwrs rwyf wedi ei chael gyda swyddogion, ond oherwydd nid yw'n daliad sy'n ymddangos fel rhan o gyllideb Llywodraeth Cymru, nid yw'n rhywbeth sy'n meddwl nad ydym mewn sefyllfa i wneud rhywbeth roeddem yn mynd i'w wneud. Felly, nid oes unrhyw un yn mynd i gollu unrhyw beth; nid oes unrhyw un yn mynd i gollu ceiniog oherwydd hyn, a does dim *impact* yn mynd i fod ar ein gallu i wneud taliadau, fel mae miloedd o bobl yn gwybod y bore yma.

Alun Davies: It concerns me, but it does not worry me in the way—. Obviously, I have had this conversation with officials, but because it is not an amount of money that would appear as part of the Welsh Government's budget, it is not something that will mean that we are not in a position to do something that we had intended to do. Therefore, nobody is going to lose out; no-one is going to lose a penny as a result of this and there will be no impact whatsoever on our ability to make payments, as thousands of people will discover this morning.

[21] **Llyr Gruffydd:** Ond mae e yn gwneud y drefniadaeth gyllidebol braidd yn flêr, onid yw e?

Llyr Gruffydd: But it does make it quite messy in terms of the budgetary process, does it not?

[22] **Alun Davies:** Mae'n gamgymeriad gweinyddol ac rwyf wedi cydnabod hynny.

Alun Davies: It is an administrative mistake and I have acknowledged that.

[23] **Julie Morgan:** Good morning, Minister. The Government has an overall equality impact assessment of its budget and each department has to look at how it has taken consideration of sustainable development, children's rights, poverty, and a number of issues, when it was preparing its budget. Could you tell us what your department has done to fulfil that requirement?

[24] **Alun Davies:** All of our budgets have been through the equality impact assessments, and we have focused on a number of different areas, in terms of fuel poverty, climate change and local environment quality issues. So, we have been through the equality impact assessments that all departments go through, and you will see in our evidence paper that that process was very positive for this department, in terms of our impacts.

[25] **Julie Morgan:** Did you not do some things because of the negative impacts in relation to the overall equality duties?

[26] **Alun Davies:** No, in fact, we are doing things because of positive impacts. If you look at the announcement that was made by the Government last week in terms of additional funding for fuel poverty, energy efficiency schemes and for some of our flood-protection work, which was announced last week, you will see that that is a positive response to projects

and programmes that we know have a positive impact on inequalities in Wales. So, if anything, the impact survey has not prevented us from doing things. It always guides us in what we do and the way that we deliver programmes, because we are anxious to avoid any negative impacts to ensure that our spend does not create or entrench inequalities. So, there is that negative review, if you like, but there is a positive side to it as well, and it is about how we can positively use these budgets and this resource that is available to us to reduce inequalities. I hope that, through the work that we are doing, particularly in terms of fuel poverty, energy efficiency and some of our local environment work, we are looking at reducing inequalities and tackling poverty in Wales.

[27] **Julie Morgan:** Do you feel that this approach is entrenched in the way that you make your decisions?

[28] **Alun Davies:** Yes, certainly. I have never had to ask for an impact assessment of any sort; it has always been there as part of how we work as a Government. Reading through the impact assessments that we have had done, I have felt comfortable that the Government is delivering on its philosophical approach, but going beyond the ‘do no harm’ mantra to looking at how we can positively reduce inequalities in Wales. Certainly, I would be very happy if the committee, while examining this budget, were to identify areas of spend where either we are not achieving that objective of ‘do no harm’ or where we can do more in order to achieve our ambitions to eradicate inequality. I would be very happy to receive a report from a committee on that basis.

[29] **Julie Morgan:** One of the duties of Ministers, through the Rights of Children and Young Persons (Wales) Measure 2011, is to look at everything taking into consideration the issue of children’s rights. I do not know whether you could give any examples of where you have done that.

[30] **Alun Davies:** Yes, I will give you one example. In terms of the local environment quality issues, we are looking at establishing—and I think that it is in the budget and in the papers that you received—a new project called ‘Cynefin’. What does that mean in Welsh, Dafydd? It means ‘habitat’.

[31] **Lord Elis-Thomas:** It means more than that, and it is a hefting place of sheep as well.

[32] **Alun Davies:** A hefting place of sheep—we are certainly not using that term. We use ‘*cynefin*’ to mean a wider home environment for children, because we know that one of the impacts of poverty is that people grow up in a very harsh local environment. We are looking at spending some money on trying to invest in the local environment in which children grow up, so that they have access to green spaces and safe places to play, and reducing the sometimes aggressive local environment, in terms of graffiti and damage to a local environment. So, at the moment, we are looking at identifying the number of places where we can make quite intensive interventions to ensure that the place where a child grows up enhances that childhood, and does not create an environment where that childhood is in some way compromised. So, it is about understanding poverty and the impact of poverty in a much wider sense of not just material poverty that might affect an individual family, but the poverty of the fabric of a locality and of a community. We are looking at investing in projects such as that. It is called the Cynefin programme, and we are looking at how we can, first of all, make some intensive interventions, and if that works well, how we can actually develop that in the future. That is one area that I would identify, which is very much new work.

09:45

[33] **Antoinette Sandbach:** Just going back to your fuel poverty issues, one of the

criticisms that the Intergovernmental Panel on Climate Change came out with was the lack of measurable targets. In terms of reducing inequalities, have you been looking at, for example, a measurement of the carbon savings and fuel savings that are made by the measures that are fitted by Arbed and Nest? We understand that that was a problem in terms of outcomes—looking at what the outcomes of those schemes were.

[34] **Alun Davies:** All the schemes have very clear targets and objectives that were set for them at the outset, when those schemes were first established. The committee will have access to those—

[35] **Antoinette Sandbach:** So, you have a value for money that looks at efficiency savings and carbon savings.

[36] **Alun Davies:** Certainly, we have those things, but we will also, of course, be reviewing those schemes. If you look at Arbed phase 2 projects, they are largely European funded. Clearly, those programmes are coming to an end over the next year or so, so we will be reviewing those programmes and understanding what worked well and what did not work so well. Certainly, it is my intention—we have announced an additional £70 million through the budget process—to significantly increase some of the energy efficiency programmes that we have.

[37] Speaking from my own personal point of view, I also want to simplify some of these projects. I saw for myself in Fochriw, last Friday, the impact that it has had on the community. Talking to children in the local school there, and talking to pensioners, if you like, in the community centre there, it is having a very real impact on their lives. We need to quantify that in the way that you described, but we also need to be able to deliver that in Fochriws across the whole of Wales. We are doing that at the moment, but I certainly want to see a step change and an increase in that sort of work. The IPCC report, I thought, was a very useful document and I will be making a written statement on our response to that. I would hope that it will be done by the end of this week, but it could slip into next week.

[38] **Antoinette Sandbach:** Minister, I am going to move on to Natural Resources Wales. We did in-year scrutiny of your predecessor, who informed us that there were to be gross benefits of the merger of the three bodies in 2014-15 of £9.5 million. It appears that, in fact, the net benefits will be a negative figure of about £8.5 million for Natural Resources Wales, so can you explain why both the gross and net benefits that Natural Resources Wales is expected to deliver have reduced, compared to the figures given to committee in February of this year?

[39] **Alun Davies:** In the in-year figures that I have available to me, the business case showed a net benefit of £6.295 million. The updated business case that I have now shows a negative figure of £2.721 million—not the larger figure that you described. We expect that, in the next financial year, to turn into a positive figure of £7.679 million as opposed to a predicted figure of £9.299 million. The profile will change through the subsequent 10 years, but we do anticipate the 10-year total cash benefits to achieve the £127 million figure that was stated in the original business case. The reason the profile has changed is largely because of issues with IT on the Environment Agency side.

[40] **Antoinette Sandbach:** I appreciate that. You have given me the gross figure, but we have had, from NRW, the costs associated, so the £2.7 million figure that you mentioned was this year's figure and, in fact, the net cost is actually -£19.3 million. For next year, it is anticipated that it is going to be -£8.5 million. I appreciate that IT and pension costs are an issue, but these were very much flagged up prior to the merger by a number of bodies involved in that merger. Why is it then that you were not able to anticipate and write in those costs, as it were, at an earlier stage?

[41] **Alun Davies:** I think that those costs were anticipated; as you said yourself, they were the subject of quite some debate at the time. So, I think that they were anticipated, and they were debated. It is not a case of these things coming out of the blue.

[42] In terms of where we are today, we have re-profiled some of the spend, and that is an entirely normal process, of course, and we are not expecting there to be a significant or substantial change in the 10-year profile. So, yes, the way that we achieve that might change, and, as we have seen now, which is the point that you have made, there is a re-profiling of the savings so that, from next year onwards, the benefit is positive, will be positive, will continue to be positive and will grow in time. Not only is NRW providing a far better and more coherent service to people and organisations in Wales, it is also saving the taxpayer considerable sums of money.

[43] **Antoinette Sandbach:** Well, I know, Minister, that you are imposing an £8 million cut on NRW in the next financial year, and I wondered whether you had to have discussions with NRW about whether the proposed budget reduction will require it to make cuts in its services, or cuts to the grants that it currently distributes.

[44] **Alun Davies:** We are having discussions with NRW. I meet the NRW senior management every month to discuss the work of the organisation. You know that we are in a situation whereby we have UK Government-led economic austerity, which is causing extraordinary difficulties for people up and down Wales. Day in, day out, people suffer the consequences of incompetent economic policy from London and, as a consequence of that, we have to take decisions in this place. I think that most people in Wales understand that.

[45] **Antoinette Sandbach:** People might have a different view about where the incompetence lies. However, in terms of the areas in which you anticipate that NRW may have to make reductions, are you going to be looking at the remit letter? Obviously, it is experiencing this budget cut despite the fact that you say that combining the three organisations will deliver substantial savings to the Welsh Government. It would appear that that body is not allowed to keep those savings and that you are taking them back in-house. So, are you going to give guidance on the areas that should be given a lower priority by NRW in your 2014-15 remit letter?

[46] **Alun Davies:** Clearly, it has a remit letter every year, and we are beginning discussions at the moment on the remit letter that I will provide to that organisation in the new year. Those conversations are at a very early stage. We have a well-understood grant-in-aid profile with NRW, whereby the taxpayer sees very real savings from this approach to managing our natural resources in Wales. I think that it has proved to be a very popular policy choice, and I know of absolutely nobody who suggests that we go back to the old system, despite all the naysayers that we had in the last year or so. I know of nobody who seriously argues that we should go back to the old system.

[47] I believe that we will see significant savings accrue to the taxpayer—the re-profiling of savings demonstrates that clearly—and we are seeing a better service delivered to taxpayers in Wales. So, I am very confident about and very happy with all of that.

[48] I talk to NRW, as I said, on a monthly basis about how it is delivering the business case and the integrated organisation, and also about the wider policy approach that we take to managing our natural resources in Wales. So, I am very happy with and confident in the decisions that the board and senior management at NRW are taking, and I see no reason at the moment to revisit any of that. The remit letter will be a matter of public record.

[49] **Antoinette Sandbach:** So, you are confident that, with your additional cut of £8

million, NRW will have sufficient resources not only to deliver the priorities that you set out for it originally, but to deliver any additional priorities that you might impose on it, in particular to deal with its responsibilities in relation to the planning and permitting of energy schemes.

[50] **Alun Davies:** You use very poor language, Antoinette. In terms of where we are, we do not have a relationship with NRW that is anything like the rather dramatic sort of language that you use. We have a relationship with NRW that is mature; it is a good relationship. It is an arm's-length body, so our conversations can be very direct, sometimes, as they should be, but our conversations are also very positive. Your choice of language this morning has been very poor and it does not appreciate the relationship between this Government and NRW or other bodies.

[51] **Lord Elis-Thomas:** I think that we should move on. I do not think that it is up to you as Minister to criticise the questions that you get from this committee; it is for you to provide the answers. Mick Antoniw is next.

[52] **Mick Antoniw:** I would just like to move on to some issues to do with marine policy. You will be aware that this committee made some quite strong recommendations in terms of marine policy and the strategic action plan. In fact, in our last report, we were pressing for such a plan by April this year. We have now had an indication that it will be produced in November. So, I am just wondering how you have budgeted for the provision for that, bearing in mind that it appears to be accepted that there is a need to raise the profile of marine policy and its implementation.

[53] **Alun Davies:** I thought that the report from the committee was a very good report when it was published in January—was it last year or this year? Following the changes to the structure of Government in March, one of my first actions was to bring together all those officials responsible for the delivery of marine policy. So, we brought together people who were responsible for marine planning, for fisheries and for the marine environment. They now operate as a single division within the Welsh Government, as a marine division, and it is responsible for delivering the whole of our strategy in a more coherent and consistent way. That is clearly something that is now bearing fruit. I will be publishing a marine strategy, which I think is the Welsh Government's first ever marine strategy, next month. That will be available for debate before Christmas. I am very happy about the way in which we are not only meeting our statutory responsibilities in terms of what we are responsible for in law, in managing the marine environment and fisheries, but also doing so in a way that seeks to maximise the potential of the wider marine environment, if you like, to protect it, to enhance it and to maximise the economic potential from it.

[54] **Mick Antoniw:** So, how have we actually come to the figure that we have got within the budget, and how do we know that that budget is going to be sufficient?

[55] **Alun Davies:** The figure is an amalgamation of previous figures. I do not think that there is any rocket science behind it. We brought together the people and we brought together the funding. There is no magic—unless Andrew is going to correct me on this—in reaching that figure. What matters to me, however, Mick, is that we do more with what we have got. Bringing people together means that we are not working in silos and we do not have different people doing different jobs in different ways in different places. We are bringing everyone together and, as a consequence of that coming together, we will have a much stronger team that is able to address marine issues in a more comprehensive and coherent fashion. I think that we will see very real benefits from that.

[56] I do not know whether you want to add anything, Andrew.

[57] **Mr Slade:** No. As the Minister said, the budget position, as it is, is an amalgamation of the preceding work. We are hoping to release synergy and efficiency benefits from having the team working together. However, in terms of further work, which will be indicated in the action plan and the strategic approach that the Minister will launch next month, we will need to look at that in the context of wider budget pressures on natural resources and food over the next few years. At the moment, we are confident that we can deliver the programme of activity that we have got now, but if you want to go over and beyond that, it will require a look across NRF at available budgets to—

[58] **Mick Antoniw:** However, is the point not that what we have at the moment is something in the absence of a strategic plan? Effectively, it seems from what has been suggested that what we are planning to do when we have the strategic plan is going to be determined by the amount that has already been allocated. I accept the point that you are trying to use that money better, but it is difficult to evaluate it due to the fact that we have not had a strategic plan for—well, I am not sure that we have ever had one, and we know that we are well behind on doing that. Until we have the strategic plan, we do not know what we might want to achieve and what the potential budget implications for that are. As things stand at the moment, we are really saying that what we are going to do is going to be completely constrained by what we have spent already. What happens if, within that strategic plan, a number of things are identified that require further expenditure? Is there any form or provision for that, or where might that provision come from?

10:00

[59] **Alun Davies:** There is no provision in the current budget for additional spending in this area. May I say that you are absolutely right in your analysis, Mick? Wales, traditionally and historically, has been woefully under-resourced in marine terms. We have never had the resources that are available to other administrations in this subject area. That means that we need to bring these together to try to do more with what we have. This committee has said that there needs to be a greater emphasis on marine issues, and I hope that I have been delivering that in office, during the last six or seven months that I have held this post. In doing so, if this committee determines or if, during the debate on the marine plan, we determine that we need to significantly increase investment in marine policy, that is something that we can debate at that time. If we make that decision, we will also have to make a decision on what is a priority and what is not a priority. We will have to move money from another area of work to support this. There is no magic formula here. If we spend more money on marine, we will spend less elsewhere.

[60] **Mick Antoniw:** Could I follow up on one final point on this? The need for a replacement for the enforcement vessel—the embryonic Welsh navy—

[61] **Alun Davies:** It is not embryonic. It exists. I have been aboard it. *[Laughter.]*

[62] **Mick Antoniw:** I think that about £5.5 million has been estimated for a replacement. Where is the provision for that within the budget?

[63] **Alun Davies:** There is no provision allocated in the budget. You are right about the figure, by the way: it is £5.5 million. We have not yet taken a decision about whether that will be capital or revenue, which is why there is no provision for it in the budget. I will take a decision, probably in January or February next year, as to which procurement route we take. At the moment, as you well pointed out—and Bill found particularly amusing—we do have a number of enforcement vessels that are sea-going and inshore vessels responsible for fisheries law enforcement. We need to take a decision, which I will take after Christmas, about whether we replace, particularly, the Cranogwen vessel, with a new like-for-like vessel, perhaps with greater capabilities, or, whether we buy in those services from an external

provider. That is a decision that we will have to take and until we do so, we are unable to allocate either capital or revenue. If we buy a new vessel, it will be capital; if we buy in a service, it will be revenue. That is a conversation that I have already started to have with the Minister for Finance and I will continue at that time.

[64] **Yr Arglwydd Elis-Thomas:** Ar gefn hynny, Weinidog, fel rhywun sy'n cynrychioli llawer o arfordir gogledd a chanolbarth Cymru, a allaf gael sicrwydd gennych fod gorfodi polisi pysgodfeydd yn flaenoriaeth i chi? Mae hwn yn fater difrifol. Fel y gwyddoch chi, yn y gorffennol, mae rhai agweddau ar bysgodfeydd wedi gorfod cael eu cau, a Gweinidogion wedi gorfod gwneud hynny mewn Llywodraethau blaenorol, oherwydd nid yn unig y difrod potensial a oedd yn cael ei wneud i'r stoc o bysgod, yn enwedig cregyn bylchog, ond hefyd y peryglon a oedd i'n hamgylchedd. Hoffwn i gael sicrwydd bod hynny'n flaenoriaeth. Beth bynnag mae Aelodau sy'n cynrychioli llawer o fewndir Cymru'n ei ddweud, mae'r môr yn allweddol bwysig. Mae'n bwysig i bobl gofio, cyn datganoli, nad oedd gennym fôr, yn gyfansoddiadol, fel petai.

Lord Elis-Thomas: On the back of that, Minister, as one who represents a swathe of the north and mid Wales coast, could I have an assurance from you that the enforcement of fisheries policy is a priority of yours? This is a serious issue. As you know, in the past, certain areas in terms of fisheries have had to be closed, and Ministers have had to do that in previous Governments, because of not only the potential damage that was being done to the fish stocks, particularly scallops, but also the risks to our environment. I would like an assurance that that is a priority. Whatever Members who represent the inland areas of Wales may say, the seas are crucially important. People should recall that, before devolution, we did not have any seas, constitutionally speaking.

[65] **Alun Davies:** Yn gyfansoddiadol. Ydy, mae'n flaenoriaeth a dyna pam rwyf wedi creu'r adran neu'r *division* newydd y tu fewn i'r Llywodraeth, ac rwyf wedi rhoi pwyslais clir arno. Mae'r broses o orfodi, fel rydych chi wedi disgrifio, yn un sy'n gyfrifoldeb cyfreithiol i'r Llywodraeth, wrth gwrs, ond yn flaenoriaeth wleidyddol i'r Llywodraeth.

Alun Davies: Constitutionally speaking. Yes, it is a priority and that is why I have created the new division within Government, and I have placed a clear emphasis on this area. The enforcement process, as you have described it, is a legal responsibility of Government, of course, but also a political priority for the Government.

[66] **William Powell:** Bore da, Weinidog. **William Powell:** Good morning, Minister.

[67] Moving to a relatively small part of your overall budget, but nevertheless an important area, I would like to ask you a couple of questions around community energy.

[68] In April this year, the chairman of Community Energy Wales, when speaking about the Ynni'r Fro scheme, commented that beyond a certain number of headland exemplar projects, progress had been, and I use his term, 'pretty pitiful'. I note that there has been a recent evaluation of the Ynni'r Fro scheme and I believe that those results were due sometime last month. Have you received and had the opportunity to analyse the feedback that has come from that evaluation and do you feel that it represents value for money?

[69] **Alun Davies:** I have not seen that report yet.

[70] **William Powell:** It is obviously relatively recent, so that is something that will be—

[71] **Alun Davies:** It is recent in the sense that it has not been done yet. I have not seen that report yet. It is being carried out independently of Government. I know that there is a

workshop taking place next week as part of the evaluation of that programme. However, I would hope to receive it some time after half term. I will be very happy then to publish that information.

[72] I think that we spent around £15 million on Ynni'r Fro. I am very pleased with what we have sought to do in Ynni'r Fro. It is the sort of programme that I would want to see more of in the next funding period. It is the sort of programme that I think we need to use in order to lever in private investment, and it is a very imaginative, creative and constructive way of using European funding available to us. I think that we have discussed on a number of occasions that it is part of the wider climate change work, but it is part of the work in terms of strengthening the rural economy in particular. We want to see far greater investment, particularly in small-scale renewables and a distributed generation capacity across Wales. At the moment, around 29 of the 200 original schemes are working towards completion in 2015. Most of the money that has been spent here has been in capital and loan funding, which levers in the private investment. I think that we will see substantial and significant results for that. I also think that we can do better. I think that the committee will understand that Ynni'r Fro, at the time, was a very innovative project. It has been copied elsewhere now, but it remains a very innovative way of delivering private investment in renewables and delivering a renewable generation capacity. I hope that it will be seen as a priority going forward.

[73] **William Powell:** Therefore, looking at the £1 million allocation that is being made for 2014 in this area, what assurance can you give the committee that it will represent value for money? Also, could you give any indication as to how many schemes you would anticipate that that allocation will support?

[74] **Alun Davies:** The allocation goes into the Ynni'r Fro scheme, so it will support the 29 schemes that I have already outlined, but it will also provide advice to other communities. In terms of providing value for money, I think that it does. I think that the mid-term evaluation of the scheme will demonstrate that it has done very good things. As I say to you, I think that it will also demonstrate that we, across Government, probably also have a very positive agenda of additional things that we can do to support renewable generation.

[75] **William Powell:** Your predecessor as Minister, Jane Davidson, tasked the Welsh national parks with being test beds of sustainability. Despite the negative comments that often reach us regarding issues around planning within national parks, I think that it would be churlish not to acknowledge that national parks have played a role in nurturing renewable energy schemes. I can think particularly of some successes within the Brecon Beacons National Park, with the Green Valleys and related schemes. There will be some significant concern in the national parks of Wales that there is a cut, I believe, of 8.5% allocated in the forthcoming budget. What discussions have you had with your colleague John Griffiths with regard to the potential impact that that cut, both on national parks and on the National Botanic Garden of Wales, could have in relation to their ability to deliver on biodiversity and environmental benefit?

[76] **Alun Davies:** If people do have those concerns, Bill, you must explain to them the reason for that: it is the absolutely incompetent economic policies being followed by the United Kingdom Government. I trust that you do that when you are listening to those concerns. Let me say this; in terms of where we are at the moment, we are managing a budget in extraordinarily difficult times. You cannot have an incompetent UK Government and not have consequences in Wales.

[77] **William Powell:** It is rather disappointing, Minister, that you return constantly to that mantra. The 8.5% that is being imposed on the national parks and the national botanic garden is a significantly more serious reduction than in other parts of the portfolio, and that is a decision for you and ministerial colleagues.

[78] **Alun Davies:** We need to take decisions based on the amount of money that we are provided with. If you have concerns about that, and you believe that the Welsh Government should have greater funds, then you need to make that clear to your colleagues in London.

[79] **William Powell:** My question was what discussions you have had with your ministerial colleagues to decide on the priorities that you have set. You have chosen not to answer that question.

[80] **Alun Davies:** No, I have answered that question. What I have also done is say to you that you understand, and you know, that Ministers are constantly having these conversations. The idea that there has been no discussion in Government among Ministers on this or other elements of our budget is a ludicrous presumption to make. There are always conversations of that nature taking place, both formally and informally, but there are consequences, and what you cannot get away from—what I know you are trying to wriggle away from—is the fact that there are consequences in Wales as a direct result of the incompetent policies being pursued by the United Kingdom Government.

[81] **William Powell:** Thank you, Chair. I do not see any point in pursuing this matter further.

[82] **Lord Elis-Thomas:** Excuse me, but we are not in a position to discuss the macro-economic policy of the United Kingdom Government in this committee. You made the point twice, and I think that we got the message. William, are you done?

[83] **William Powell:** I have concluded that line, Chair, thank you.

[84] **Lord Elis-Thomas:** Joyce Watson is next, and then Russell George.

[85] **Joyce Watson:** Good morning, Minister. I want to ask you some questions around animal health and welfare, particularly your budget line of £0.16 million, which does not include any capital expenditure, and your commitment to undertake a number of initiatives under that budget line in relation to animal health and welfare over the next 12 months. Are you satisfied, Minister, that that money is adequate for you to deliver on your promise of a horse action plan, the reintroduction and development of dog breeding regulations, and the implementation of regulations on the microchipping of dogs?

[86] **Dr Glossop:** Yes. We have been looking at all of that, and we believe that we can do it. Working in conjunction with relevant third sector bodies—if you think about microchipping, for example—and also local authorities, we have been considering the actual cost of that project. Owners of dogs would be required to pay for microchipping, although you might know that the Dogs Trust is offering some very attractive incentives to people to get their dogs microchipped; we are, of course, talking closely with the trust. On each of the relatively small projects, we are making sure that we can keep within that budget line.

[87] **Joyce Watson:** On the same theme, Minister, to talk about the bovine TB programme, or the management of endemic diseases, which includes the TB eradication programme, it looks like the revenue will decrease by £0.9 million in 2014-15 to £37.4 million from £38.3 million, with no capital allocation. Will that budget enable you to achieve what it is that you hope to achieve? What outcomes does the Welsh Government, overall, intend to achieve from that vaccination programme in the intensive action area?

[88] **Dr Glossop:** To take the last part of the question first, within the intensive action area there is a five-year programme of badger vaccination, and we are estimating the cost of that to be £4.7 million over the five years. We are just completing year 2 of the vaccination

programme, and so we have been learning a lot about the actual cost of delivery, but we do believe that we will come in on budget there. We have done as much as we can, I believe, this year to reduce the cost of that programme, but it is inevitably expensive when something like 70% of the cost of going out to vaccinate badgers relates to labour. It is a very labour-intensive process, as I am sure you can imagine.

10:15

[89] In terms of the anticipated benefits, this is a study to ask the question of whether vaccinating badgers in a specific area consistently over a five-year period can deliver benefit in terms of the number of incidents of cattle TB and, possibly, the clear-up rate in the duration of TB breakdowns in that area. We do not know the exact benefits that it will deliver, because this has not been attempted in anger before. It is, in fact, the largest project of its kind in Great Britain. So, we are learning along the way. We are not expecting to see benefits in cattle in the short term; this is a long-term piece of work that complements other measures already in place in the area in terms of the six-monthly testing of cattle and raised levels of biosecurity and so on. That has probably answered that bit of the question.

[90] You asked about the overall TB programme. In the programme, as we discussed last time, the budgets are quite complicated and we have tried to set them out in a more clear way here in the compensation budget, the additional eradication budget and the money that is paid to the Animal Health and Veterinary Laboratories Agency, which delivers the majority of the work. The reason the budget is in a downward profile relates to the element of the budget that was devolved to us by Westminster three years ago, because we were effectively caught up with the comprehensive spending review profile. This is year three of its four-year comprehensive spending review profile. So, at the end of year four—at the end of 2014-15—the figure that we get to will be the forward projection, and we are looking at ways of managing within that budget. It is a relatively small reduction to the total TB budget, and alongside that, we are looking at mechanisms; for example, for sharing the cost of further badger vaccination with interested parties. That is one example. So, we are working hard with the agency and internally to make sure that we can continue to deliver annual testing, which is a foundation stone of the programme, and the new epidemiology initiative and Cymorth TB within that budget.

[91] **Joyce Watson:** Can you set out at this stage when the data on the value for money of the first year of the badger vaccination grant scheme for areas outside the intensive action area are likely to be available? How might they take account of findings in your planning for the scheme for the following year?

[92] **Alun Davies:** It is a demand-led budget, of course. We will not know the full amount until we have been through that process. I am happy to extend it if we do see significant demand for it. Of course, in terms of value for money, that may well differ in different applications. One application might provide significant value for money, whereas another might not. So, we will need to ensure that the evaluation of this work provides us with an overall understanding and an individual understanding that goes beyond the top line.

[93] **Russell George:** Good morning. In response to the ‘State of Nature’ report, you have committed to three areas: £6 million for wildlife management, a data hub so that wildlife data can be collected, and an audit of data on Welsh habitats and species. What outcomes do you expect to deliver from that £6 million?

[94] **Alun Davies:** I am expecting a paper in the next week or so that will allow me to make that evaluation. On the £6 million, we are looking at the moment at how we deliver that level of funding. As I said in my announcement—I think that you were there—at the show, the purpose is to support people, with landowners and land managers, public sector bodies

where appropriate, charities and the third sector, as well as individual businesses, to work together to provide opportunities to provide the biodiversity resilience that we clearly do not have at the moment. So, over the last few months, we have had very intensive conversations with these different organisations and individuals about how we deliver that funding, and, as I said, I should be in a position to make further announcements on that in the next few weeks. However, the outcomes that I expect and want, as a Minister, are to see enhanced biodiversity, integrated approaches in terms of looking at the landscape, not individual land ownership issues, greater resilience in the ability of an ecosystem to survive and adapt and for the capacity of the natural environment to offer protection from shocks, changes, floods, storms and the rest of it to be enhanced and improved. Those are the three areas where I see the outcomes landing, but it might be useful if I wrote to the committee on this; actually, I will probably make a written statement on this matter when in a position to do so.

[95] **Russell George:** I think that you listed about five areas there—you want three—as outcomes that you want to achieve. How are you going to measure progress towards what you want to achieve?

[96] **Alun Davies:** As I have said, I have commissioned work on that and the application process, and I expect that back in the next week or so.

[97] **Russell George:** Okay. Have you consulted with relevant groups on the development of the wildlife management fund?

[98] **Alun Davies:** Yes, that is what we have been doing over the last few weeks and months.

[99] **Russell George:** What are your observations from those discussions?

[100] **Alun Davies:** They have been extremely positive. The conversations that we have been having have been about how we maximise the value of this amount of money. We are having very good and positive conversations with people about that. In the conversation that we had during the show, we tried to say to people that we have this relatively small sum of money available, considering the size of the challenge facing us, but it is about working with and funding people to achieve their objectives for their land and using their knowledge, rather than the Glastir, agri-environment approach, which is very much prescription-led. I hope that it is a more intelligent approach that will bear fruit in terms of what we achieve. However, the response—as you know, because you were at the summit at the show—was very positive to that, and it continues to be positive.

[101] **Russell George:** Okay, I will wait for the statement before I question you further on that.

[102] **Alun Davies:** I can give an undertaking that I will make a written statement on that.

[103] **Russell George:** Thank you, Minister. On a different issue, are you confident that the resources that you propose to allocate for tackling climate change in 2014-15 are going to allow you to deliver the Welsh Government's climate change objectives and emission reduction targets?

[104] **Alun Davies:** I hope so.

[105] **Yr Arglwydd Elis-Thomas:** Ar y cwestiwn ynglŷn â chynlluniau ar gyfer rheolaeth bywyd gwylt, a fedri di esbonio yn union ble mae'r £6 miliwn yn y gyllideb? **Lord Elis-Thomas:** On the question of plans for wildlife management, can you explain exactly where the £6 million is in the budget? As far as we can see, it is somewhere in the

Hyd y gallwn ni weld, mae yn y nenfwd yn rhywle—os mai dyna'r term rydych chi'n defnyddio am *headroom* yn Gymraeg—o fewn y gyllideb datblygu gwledig. Ble mae ef, plis?

ceiling or the headroom of the rural development budget. Where is it, please?

[106] **Alun Davies:** Rydych yn iawn—

Alun Davies: You are quite right—

[107] **Yr Arglwydd Elis-Thomas:** O, diolch byth am hynny. [*Chwerthin.*]

Lord Elis-Thomas: Oh, thank goodness for that. [*Laughter.*]

[108] **Alun Davies:** Rydych yn iawn yn eich dadansoddiad. Y *profile* gwariant, fel rwyf yn ei weld ar hyn o bryd, yw y byddwn yn gwario obeutu £1 miliwn yn ystod y flwyddyn gyllidebol bresennol, a £5 miliwn y flwyddyn nesaf. Mae'r arian i gyd yn dod o ochr ddomestig yr RDP.

Alun Davies: You are quite right in your analysis. The expenditure profile, as I see it at present, is that we will spend around £1 million during the current financial year, and £5 million the next. All that funding comes from the domestic side of the RDP.

[109] **Yr Arglwydd Elis-Thomas:** Efallai y down yn ôl at hynny cyn y diwedd os na fyddaf yn hapus. Julie Morgan ac yna Llyr Gruffydd.

Lord Elis-Thomas: We may return to that before the end if I am still not content. Julie Morgan and then Llyr Gruffydd.

[110] **Julie Morgan:** I wanted to ask some questions on climate change as well, but before that I have a couple of quick questions on animal welfare, following up on what Joyce was asking. I just wanted to confirm or check one thing. You mentioned the generous offer from Dogs Trust in relation to microchipping. Is it offering free microchipping for the dogs that need it?

[111] **Dr Glossop:** What it has already offered in Northern Ireland and what it is willing to offer us are free microchips. That is not the same thing. It would be a question of working with the veterinary profession to get that process delivered. They are very keen to see this spread out across the whole of the United Kingdom, as I am sure that you know, and so the other proviso was that we would have a time limit within which dogs should be microchipped. There is not a kind of anticipated lifespan of dogs, so possibly 14 years or longer, so the notion is that we will introduce the requirement and then there will be a short period of time to get dogs microchipped. So, on that basis, it is willing to provide microchips.

[112] **Julie Morgan:** However, obviously, there would be a cost to insert the microchip.

[113] **Dr Glossop:** That depends on the relationship with the veterinary profession. They are private businesses, but when a puppy is presented to them for vaccination and for advice about it as a puppy, such as worming advice and so on, that is an ideal opportunity to get the animal microchipped as well. It would be up to the individual veterinary practice to consider whether that would be part of a total start-up package for the relationship with the owner of that puppy. However, I am not in a position to comment on what individual practices would want to do.

[114] **Julie Morgan:** The other issue that I wanted to raise about dogs was the legislation that is going through Westminster at the moment, namely the Anti-social Behaviour, Crime and Policing Bill to address the issue of dangerous dogs. Is there any budget provision for that?

[115] **Alun Davies:** No.

[116] **Julie Morgan:** Does that mean that it has no financial implications?

[117] **Dr Glossop:** It is just staff time, I would say. We are spending a significant amount of time working closely with our colleagues in the Home Office and in DEFRA. We are making sure that we are present in person at the appropriate meetings. So, there is that cost, but that can be dealt with within the normal running costs of my department.

[118] **Julie Morgan:** However, if this resulted in an Act, what are the implications of the legislation, in terms of money?

[119] **Alun Davies:** We do not foresee that an additional budget allocation is required at present. Clearly, if that situation changes, we will have to address that out of the existing animal health and welfare budgets.

[120] **Julie Morgan:** I do not know what the end result will be, but if there are any additional responsibilities on the local authorities, for example, there will be additional resources needed.

[121] **Alun Davies:** We appreciate that.

[122] **Julie Morgan:** So, you will fit that in.

[123] **Alun Davies:** What I will say is that any additional resources, if required to deliver on this legislation, will have to come from within the existing animal health and welfare budgets, but we do not know yet.

[124] **Julie Morgan:** No, I know.

[125] The other issue is following up on the delivery of our climate change commitments. We had a seminar here where the people who gave evidence, the Welsh committee, said that they felt that there was a weakening in commitment on climate change, due to the economic problems and the recession and that focus had gone on the economy. Obviously, it is very difficult to keep the emphasis on climate change in that situation. Does the drop in the budget mean any lessening of commitment on climate change?

[126] **Alun Davies:** No, it does not. I have given the reasons to Bill Powell as to why we are having budget reductions at the moment, and I will not rehearse them again. However, for me, climate change actions are something that every Minister in every department and every portfolio should be taking. So, it is not the case that climate change is mine and nobody else's, in political terms; it is a core responsibility of every single spending Minister to ensure that what we do contributes towards tackling climate change in some way.

[127] I responded to the IPCC report, and I will be issuing a written statement, outlining how the Government will respond—I hope that it will be this week, but getting that statement out might slip into next week. What we will be saying very clearly is that this Government's commitment to tackling these issues remains solid; it is a core part of our philosophy of government, and it will not change in the future. I will be anticipating that Ministers across all of our different portfolios will be delivering the climate change strategy that we have as a Government, and I will be providing Members with the annual progress report later in the year. However, I would like to restate that we see no diminution at all in our commitment to tackling these matters.

10:30

[128] **Yr Arglwydd Elis-Thomas:** Llyr sydd nesaf, yna Joyce Watson ac Antoinette.

Lord Elis-Thomas: Llyr is next, then Joyce Watson and Antoinette.

[129] **Llyr Gruffydd:** Rwyf eisiau dod at fater y cynllun datblygu gwledig, os caf i, a holi ychydig o gwestiynau ynglŷn â hwnnw. Mae gennyf i gydymdeimlad mawr â'ch rhwystredigaeth chi ac eraill ynglŷn â lefel y setliad sy'n dod o San Steffan. Fodd bynnag, yn ein papur ni, wedyn, rydym yn darllen bod gennych *headroom* o fewn y gyllideb ddomestig, felly rwyf am fynd ar ôl y *headroom* hwnnw—neu'r nenfwd, fel yr oedd y Cadeirydd yn ei ddisgrifio—os caf i.

Llyr Gruffydd: I want to come to the rural development plan, if I may, and ask some questions about that. I understand your frustration, and that of others, with the level of the settlement that is coming from Westminster. However, in our paper, we then read that you have headroom within the domestic budget, so I just want to go after that headroom—or the ceiling, as the Chair described it—if I may.

[130] Yn amlwg, rwy'n cael ar ddeall ei fod yn deillio o'r ffaith nid bod tanwariant—nid bod dim galw am yr arian—ond bod gorgyllidebu hanesyddol wedi bod ynglŷn â faint o gyllid cyfatebol sydd ei angen ar gyfer yr RDP, ac wrth i'r cynllun ddod at ei derfyn, wrth gwrs, bod modd ailddosbarthu'r arian hwnnw mewn ffordd wahanol. Rwy'n gweld bod £18 miliwn yn dod mas o'r gyllideb refeniw y flwyddyn nesaf, a £3 miliwn o'r gyllideb gyfalaf, ar gyfer yr RDP. Rydym yn cofio'r £20 miliwn a drosglwyddwyd y llynedd i'r adran fusnes, economi a thrafnidiaeth. A allwch esbonio i ni pam fod lefelau mor sylweddol o *headroom* wedi cael eu cynllunio oddi fewn i'r rhaglen, mewn gwirionedd? Pa wersi ydych yn eu dysgu o hynny ar gyfer yr RDP nesaf?

Obviously, I understand that it comes from the fact not that there is an underspend—or that there is no demand for the money—but that there has been over-budgeting historically about how much match funding is needed for the RDP, and, as the plan comes to an end, of course, we can redistribute that money in a different way. I see that £18 million is coming out of the revenue budget next year, and £3 million from the capital budget, for the RDP. We remember the £20 million that was transferred last year to the department for business, economy and transport. Can you explain to us why there were such significant levels of headroom planned into this scheme? What lessons have you learnt from that for the next RDP?

[131] **Alun Davies:** Rwy'n cymryd y bydd llai o *headroom* yn y blynyddoedd nesaf, ond liciwn ddadlau dros fwy, wrth gwrs. Rwy'n gwybod ein bod wedi trafod hyn yn y pwyllgor o'r blaen, ond mae'r RDP yn gynllun aml-flwydd, ac mae hynny'n golygu bod yn rhaid i ni edrych ar wariant nid mewn un flwyddyn gyllidebol, ond dros saith mlynedd. Mae angen i ni sicrhau ein bod yn cynnig *match* ar gyfer pob punt yr ydym yn ei chael gan y Comisiwn a sicrhau ein bod yn cyrraedd y lefel y mae'r Comisiwn yn ei ddisgwyl o ran *co-financing*, ac rydym wedi gwneud hynny. Nid ydym wedi colli ceiniog o arian Ewropeaidd oherwydd y penderfyniadau hyn.

Alun Davies: I assume that there will be less headroom in the next plan, but I would make the case for more, of course. I know that we have discussed this in the committee in the past, but the RDP is a multi-annual scheme, and that means that we have to look at expenditure not in one financial year, but over seven years. We need to ensure that we provide match funding for every pound that we receive from the Commission and to ensure that we reach the level expected by the Commission in terms of co-financing, and we have done that. We have not lost a penny of European funding because of these decisions.

[132] Fodd bynnag, mae yna hefyd uchelbwynt o wariant o dan yr RDP, nid dim ond iselbwynt, ac rydym yn sicrhau bod unrhyw beth sydd uwchben yr uchelbwynt

However, there is also a maximum as well as a minimum expenditure under the RDP, and we ensure that anything above that maximum is redistributed for expenditure within the

hwnnw yn cael ei ailddosbarthu ar gyfer gwariant y tu fewn i'r gyllideb yn y fan hon ac yng nghyllideb Cymru. Dyna esboniad bras. Y cwestiwn craidd, wrth gwrs, yw pam fod hyn yn digwydd. Nid yw gwariant yn wariant cyfartal bob blwyddyn; ambell waith, mae'r arian sy'n dod o'r Comisiwn yn fwy, ac weithiau, efallai, mae'n llai. Mae'n rhaid i ni sicrhau bod digon o arian i gael y swm uchaf posibl gan y Comisiwn bob blwyddyn. Mae hynny'n golygu bod yn rhaid gorgyllidebu i sicrhau bod arian yn y gyllideb pe bai ei angen, yn y blynyddoedd nesaf, i sicrhau nad ydym yn colli'r arian hwnnw.

budget here and within the Welsh budget. That is a brief explanation of it. Your core question, of course, is why this happens. Expenditure is not consistent year on year; on occasion, the funding coming from the Commission will be greater, and the sums may be less in other years. We must ensure that we have sufficient funds to ensure that we get the maximum from the Commission on an annual basis. That means that we need to over-budget so that we can ensure that there is funding in the budget so that, where needs arise in the next year, we ensure that we do not lose that Commission funding.

[133] **Llyr Gruffydd:** Fodd bynnag, wrth gyllidebu, byddwn yn tybio eich bod yn ailasesu hynny o flwyddyn i flwyddyn.

Llyr Gruffydd: However, in the budgeting process, I would expect you to reassess that year on year.

[134] **Alun Davies:** Dyna yr ydych yn ei weld.

Alun Davies: That is what you are seeing.

[135] **Llyr Gruffydd:** Felly, nid yw hwn yn swm sydd wedi crynhoi dros flynyddoedd, ond yn swm sy'n digwydd bob blwyddyn.

Llyr Gruffydd: So, this is not an amount that has built up over the years; this happens every year, does it?

[136] **Alun Davies:** Mae'n digwydd yn flynyddol.

Alun Davies: Yes, it does.

[137] **Yr Arglwydd Elis-Thomas:** [Anghlywadwy.]

Lord Elis-Thomas: [Inaudible.]

[138] **Llyr Gruffydd:** Ie, dyna roeddwn i yn ei feddwl.

Llyr Gruffydd: That is what I thought.

[139] **Alun Davies:** Rwy'n cymryd.

Alun Davies: I take it that that is the case.

[140] **Yr Arglwydd Elis-Thomas:** Gofyn oeddwn i.

Lord Elis-Thomas: I was only asking.

[141] **Alun Davies:** Roeddwn yn eistedd yn eich seddau chi yn 2007, nid fy sedd i, felly rwy'n cymryd bod y *profile* hwn wedi—

Alun Davies: I was sitting in your chairs in 2007, not my own, so I take it that this profile has—

[142] **Yr Arglwydd Elis-Thomas:** Nid yw hynny'n esgus o gwbl, Weinidog.

Lord Elis-Thomas: That is no excuse whatsoever, Minister.

[143] **Alun Davies:** Dyna'r unig esgus sydd gennyf, yn anffodus. [Chwerthin.] Fodd bynnag, rwy'n cymryd nad yw'r *profile* hwn yn rhywbeth newydd yn ystod y ddwy flynedd diwethaf.

Alun Davies: It is the only excuse that I have, I am afraid. [Laughter.] However, I assume that this profile is not anything new over the past two years.

[144] **Llyr Gruffydd:** Hynny yw, rydych mewn sefyllfa i ddweud wrthym faint yw'r

Llyr Gruffydd: You are, therefore, in a situation to tell us how much that headroom

headroom, a ydych chi, neu mi fyddwch is, or you will be by the end of this year.
erbyn diwedd y flwyddyn hon?

[145] **Alun Davies:** Mae Andrew mewn **Alun Davies:** Andrew is in a better position
sefyllfa well na fi, rwy'n credu. than I am, I believe.

[146] **Mr Slade:** Thank you, Minister. [*Laughter.*]

[147] **Lord Elis-Thomas:** Would you like to write to us, the both of you or between you?

[148] **Mr Slade:** We can happily write—I am sure that the Minister would be content to do that. It is a bit of an art, landing an RDP by the end of its full period—as the Minister said, it is seven years of a programme and then two years of the N+2 spending period. So, you make commitments up to a certain point, and then you have to get that money spent within the succeeding two years. In the new programme, it is going to be N+3, so it is going to be even more complicated.

[149] We have an added complication this time round, in that we have a transitional year. For the first time in my recollection for a European programme—and this is welcome because, historically, as you will all be aware on the committee, things tend to come to a grinding halt, and we want to try to ensure better continuity through programmes—next year will be a transitional year when we will still be able to commit money through this RDP. However, the existing N+2 rules still count, so we will have to get all of the money committed by the end of next year and then spent within another period of 12 to 15 months. Within that, you have fluctuations: there is European money coming in, as the Minister has said; there is the domestic component; there is modulation, which is the top slicing of payments, as you know, from the first pillar of the CAP—direct payments to farmers; and then there are certain requirements in addition to that, around what we are doing on the convergence areas, as they are called this time around, namely west Wales and the Valleys. The net effect of all that is that you have lots of different streams of money coming in. You are trying to manage and maximise these, and draw down the European money to best effect at the right moment. You are doing all of that in the knowledge that you have demand-led schemes, particularly in relation to agri-environment, and you have to have enough cover, on the assumption that everybody piles in, if I could put it in those terms, on agri-environment or other schemes in a given year. We run into problems with the Commission if we do not have enough cover there. So, there is a degree—as you put it—of in-built over-budgeting. It is, in fact, about budgeting to attend to a contingency of everybody coming in at a peak point in a programme and saying, 'Yes, we would like to join this scheme'.

[150] **Alun Davies:** It is an assurance budget.

[151] **Mr Slade:** Yes, but it is something that I am sure we can continue to get better at. As the Minister said, in terms of looking at the next RDP and describing what is doing what and where, I think that we will be able to do better, in terms of our knowledge from this programme period.

[152] **Llyr Gruffydd:** Diolch yn fawr iawn **Llyr Gruffydd:** Thank you very much for
ichi am yr esboniad cynhwysfawr hwnnw. O that comprehensive response. In terms of the
safbwynt y swm a fydd dros ben, a ydych yn amount that will be left over, are you
hyderus mai yn eich adran chi y bydd yr arian confident that that money will stay in your
hwnnw'n aros, ac i'ch defnydd chi y bydd yr department, and that it will be for the use of
arian yn cael ei ddefnyddio? your department?

[153] **Alun Davies:** Wel, na, ac ni ddylwn **Alun Davies:** Well, no, and I should not be. I
fod. Bydd yn rhaid imi drafod â'r Gweinidog will have to discuss this with the Minister for

Cyllid obeutu sut y bydd yr arian yn cael ei ddefnyddio. Rydych wedi sôn sawl gwaith am y gwasanaeth iechyd, ac rwy'n gweld bod y gwasanaeth iechyd angen mwy o gyllid. Enghraifft yw honno, gyda llaw. Byddaf yn trafod gyda'r Gweinidog Cyllid obeutu sut yr ydym yn defnyddio'r arian presennol, a sut y byddwn yn cyllidebu ar gyfer y dyfodol.

Finance in terms of how that funding is to be used. You have mentioned the health service on a number of occasions and I see that the health service requires more funds. That is just an example, by the way. I will discuss with the Minister for Finance in terms of how we use the current funds, and how we will budget for the future.

[154] **Llyr Gruffydd:** Ond, rydych eisoes wedi awgrymu mewn ateb blaenorol y bydd cyfran o arian y gronfa fioamrywiaeth yn dod mas o'r arian hwnnw.

Llyr Gruffydd: But you have already suggested in a previous answer that a proportion of the biodiversity fund will come out of that money.

[155] **Alun Davies:** Ydw.

Alun Davies: Yes.

[156] **Llyr Gruffydd:** Felly, rydych wedi cael cadarnhad y bydd hynny'n cael ei ganiatáu.

Llyr Gruffydd: Therefore, you know that that will be happening.

[157] **Alun Davies:** Ydw. Nid yw'r mater hwnnw'n broblem.

Alun Davies: Yes. That issue is not a problem.

[158] **Llyr Gruffydd:** Felly, mae'r Gweinidog Cyllid wedi cadarnhau y bydd—

Llyr Gruffydd: So, the Minister for Finance has confirmed that—

[159] **Alun Davies:** Mae hynny'n rhan o'r rhaglen bresennol ac yn rhan o'r gyllideb ddrafft.

Alun Davies: That is part of the current programme and part of the draft budget.

[160] **Llyr Gruffydd:** Erbyn pryd yr ydych yn rhagweld y byddwch chi mewn sefyllfa i ddod i gytundeb â'r Gweinidog Cyllid, er mwyn inni gael craffu ar y defnydd yr ydych yn bwriadu ei wneud o'r arian hwnnw?

Llyr Gruffydd: When do you foresee that you will be in a situation to come to an agreement with the Minister for Finance, so that we can scrutinise the use that you intend to make of that money?

[161] **Alun Davies:** Mae'r gyllideb ddrafft bresennol—ac mae'r *procession* yma y bore yma yn rhan o hynny—yn adlewyrchu lle yr ydym heddiw.

Alun Davies: The current draft budget—and the procession that is happening this morning is part of this—reflects where we are today.

[162] **Llyr Gruffydd:** Eto i gyd, rydych yn dweud eich bod wedi dod i gytundeb â'r Gweinidog Cyllid ar y gronfa fioamrywiaeth, ond nid yw honno yn y gyllideb ddrafft.

Llyr Gruffydd: However, you are saying that you have come to an agreement with the Minister for Finance on the biodiversity fund, but that is not in the draft budget.

[163] **Alun Davies:** Wel, mae hi yno, ond nid yw'n ymddangos fel *budget line* ei hun.

Alun Davies: Well, it is there, but it does not appear as a single budget line.

[164] **Llyr Gruffydd:** Ymhle y mae hi?

Llyr Gruffydd: Where is it?

[165] **Alun Davies:** Mae'n rhan o—

Alun Davies: It is included—

[166] It is RDP 2014 to 2020, budget line 2949. You will see that there is £18.8 million in that budget, and that is where it has come out of.

- [167] **Llyr Gruffydd:** Onid dyna'r swm yr ydym yn sôn amdano yn awr? **Llyr Gruffydd:** But is that not the amount that we are talking about now?
- [168] **Alun Davies:** Mae'n rhan ohono. Ond, mae hwn yn swm ar gyfer y rhaglenni nesaf. **Alun Davies:** It is a part of it. However, this is an amount for the next programmes.
- [169] **Llyr Gruffydd:** Er eglurder, pa fath o bethau eraill y bydd yn dod mas o'r gyllideb honno? **Llyr Gruffydd:** For clarity, what kinds of other things will come out of that budget?
- [170] **Alun Davies:** Nid wyf wedi penderfynu eto. **Alun Davies:** I have yet to make a decision.
- [171] **Yr Arglwydd Elis-Thomas:** Rwy'n meddwl y byddai'n help i bawb, gan gynnwys y Gweinidog, pan fydd y Gweinidog yn cyhoeddi cynlluniau newydd, yn enwedig ar lawr y Senedd neu drwy ddatganiad ysgrifenedig, pe bai unrhyw gynlluniau o'r fath sydd wedi cael sylw clir ac sydd wedi eu nodi gennym, yn cael eu cyhoeddi gyda'u llinell eu hunain o fewn y gyllideb. Mae hwnnw'n awgrym bach caredig. Galwaf yn awr ar Joyce, ac yna ar Antoinette. **Lord Elis-Thomas:** I think that it would be of assistance to all, including the Minister, if, when the Minister announces new plans, particularly on the floor of the Chamber or in a written statement, any such schemes that have been clearly identified and have been noted by us were published with their own lines within the budget. That is just a friendly suggestion. I now call on Joyce, and then on Antoinette.
- [172] **Joyce Watson:** Thank you, Chair. Minister, I would like to go back to climate change. One of the most obvious effects of climate change is flood risk. What is the progress on the development of the single investment plan for flood and coastal defence schemes that you told this committee would happen, so that you can set your priorities?
- [173] **Alun Davies:** We are consulting on that in the late autumn and that could last for anything up to Christmas Eve, I understand. I think that I have seen a first draft of the documentation and we will be issuing it in the next few weeks. On the basis of that consultation, we will be able to take decisions on a flood risk index.
- [174] **Joyce Watson:** Within that, Minister, are you having discussions about prevention as well as a cure?
- [175] **Alun Davies:** Yes, certainly. In terms of where we are on flood risk, much of it is prevention. The conversations that I have, and have had, with NRW about flood risk are to look at where its analysis takes it in terms of where flooding is potentially possible. It has a medium-term capital programme, which is based entirely on its communities at risk register. I provide an annual capital budget to support and sustain that programme, so that is, in itself, a preventative measure. What we need to be able to do is to look at additional schemes and whether they are required at any individual time. Members will be aware that we made an announcement of an additional £20 million of capital funding in the last few weeks. Subject to permissions, I would expect this additional £20 million to provide reduced risk to over 2,000 homes and businesses in Newport, Cardiff, on the Gower, along the Severn estuary and in Dolgellau.
- [176] **Joyce Watson:** Thank you, Minister. That will be welcomed, I am sure, by three people in this room with regard to Dolgellau.

[177] **Lord Elis-Thomas:** I no longer have a financial interest in that particular house.
[*Laughter.*]

[178] **Joyce Watson:** You talk about planning and obviously this is an issue that crosses many portfolios, not just your own. Have you had discussions on budget planning and prevention with other Ministers, because there is a drive to build many more houses and the consequences of that type of policy might not sit just within your own portfolio?

[179] **Alun Davies:** Yes. We had a conversation last week with Carl Sargeant on this very matter. These are conversations that we have on a regular basis. It goes back to Julie's earlier question on climate change. Many of these programme areas, while sitting in this portfolio in terms of some particular budgets and some particular activities, are delivered by other Ministers and other departments. Part of the way in which we manage flood risk is through planning, as you say, and that is something that is well understood. I met with Carl and his officials last week to discuss exactly that matter.

[180] **Joyce Watson:** Good. Thank you.

[181] **Russell George:** I have a question on the waste strategy and waste procurement. Compared with what you had planned to spend in 2014-15, the budget has been reduced by £3.7 million, I believe. What actions will you not be able to fund?

[182] **Alun Davies:** That budget is delivered to local government in order to help support its waste management programmes. I needed to reduce my budget for reasons that you are well aware of and that was a decision that I took. That money, if you look at the profile of spend, is being reduced over time. It was created in order to provide additional funding for local authorities to set up new systems in terms of dealing with waste management. It was designed as a budget that would taper in time.

10:45

[183] I had a conversation with the WLGA last week about the future of that budget. I have given an undertaking to the WLGA that I will provide it with a longer term view. The problem that it is dealing with at the moment is that we took these decisions quite late, if you like, for this current financial year—over the summer. As a consequence of that, it has found this particular cut—I think that it was just under £4 million—quite difficult to cope with. I understand, and I think that it is right in its analysis of that. For the medium term now, I will be talking to the WLGA and saying, 'This is how we expect the taper to look in the future, and it is likely that that taper will be somewhat steeper than perhaps we would have anticipated or wished'.

[184] **Russell George:** So, you had originally planned for this money to be in the budget for 2014-15, but you have now made the decision. Is that right? You mentioned a planned tapering, but you also mentioned that it was originally planned to be in the budget for 2014-15. I am just trying to understand that.

[185] **Alun Davies:** The budget is as you see it. I was trying to help the committee by contextualising the individual spending decisions. The budget to which you are referring is one that has reduced in previous years and will continue to reduce in subsequent years as a part of a planned process of tapering, providing the initial investment that local authorities sought and asked for, while at the same time understanding that that budget will reduce over time. For the reasons that I have already noted with the committee, we are going to seek to reduce that amount of funding to local government at possibly a steeper rate in years to come in order to ensure that we can fund other pressures within the budget. That is a conversation

that I am having with the WLGA at the moment. It is a conversation that I had with it last week, and it is one that we will continue to have. Clearly, if there are any additional changes to the budget, as you have seen, that will be reported through the normal supplementary budget process.

[186] **Russell George:** How will that reduced funding for local authorities be distributed? Is that part of the overall settlement or is it separate money?

[187] **Alun Davies:** It is a specific grant that is distributed to local authorities.

[188] **Russell George:** How will the reduction in the grant be distributed across local authorities?

[189] **Alun Davies:** It will be distributed through a formula. It is a well-understood formula. Local authorities understand that.

[190] **Russell George:** Okay. That is fine. Also, what do you expect local authorities not to be able to deliver of what you had originally asked them to deliver as a result of the reduced funding?

[191] **Alun Davies:** That is a matter for those of you who are members of local authorities to take decisions upon. It is not a matter for me.

[192] **Russell George:** Thank you.

[193] **Alun Davies:** You cannot get out of that.

[194] **Antoinette Sandbach:** Minister, I would like to ask you whether any provision has been made within the 2014-15 budget for CAP implementation, particularly given that the Welsh Government financial statements for 2012-13 indicated that there was a potential disallowance of EU agriculture funding identified at that point relating to the dual use of land. In relation to the Welsh Government financial statements of 2012-13, no quantification of the situation was possible at that date in the accounts. Obviously, that would require a payment to the EU if there was that disallowance. Could you deal with that issue, and whether or not you are facing a disallowance in relation to the paper-based system of sheep recording? There is mention of a potential €3.4 million payable each year that may need to go back. I wonder whether you could deal with those two matters.

[195] **Alun Davies:** The business case and cost estimates for CAP reform implementation are set out in the consultation document that I published in the Royal Welsh Show. So, all of those estimates exist in that document, which was published three or four months ago. Would you like to explain further, Andrew?

[196] **Mr Slade:** There are two points there, as you say. First, on the implementation side, we have identified the key costs, both in terms of IT development and the people component. We also have to think about factoring in Rural Payments Wales Online, which will come on stream over the course of the next few years. We try to factor that into our workforce planning as a part of that. As colleagues will be aware, the England experience of moving to an area-based system under CAP was not a particularly happy one, and we are working to try to avoid that situation occurring in Wales in what is a complicated CAP reform—the Commission itself acknowledged this.

[197] We cannot put an absolute figure on what we will need in relation to the RDP yet, because we do not have the detailed implementing regulations. That has to be part of the package, because it is not just pillar 1 for which Rural Payments Wales Online is the paying

agency, but the whole of the CAP expenditure.

[198] **Antoinette Sandbach:** I wonder whether or not we are at cross purposes, because I think the 2012-13 financial statement indicated that the Welsh Government had identified that it might need to repay EU funds in relation to dual use of land. I have seen your wish list of an electronic sheep identification database, and the issues around Rural Payments Wales Online, and all of that has been discussed extensively in the context of broadband access and how farmers would be able to do it. However, what I am concerned about is whether there is provision within the 2014-15 budget for repayments that might need to be made under the CAP for potential disallowances.

[199] **Alun Davies:** No. We regard the risk as being very low. Members will be aware that, when this matter was raised by the European Court of Auditors, I took quite prompt mitigating action, which reduced the exposure and the risk quite significantly in 2012-13, and I have removed risk completely from 2014. So, because we took very quick and prompt action to reduce, mitigate and then remove entirely the risk, we regard the risk of infraction procedures to be quite low.

[200] **Antoinette Sandbach:** It is encouraging, Minister, that you are building into the future the kind of workforce planning in relation to future actions on the EU funding. May I quickly go back to a matter that Joyce Watson raised, which was in relation to flooding? The UK Government has come up with a scheme called 'Flood Re', which will deal with properties that cannot obtain insurance in flood-prone or flood-risk areas. Unlike the predecessor scheme, it does not deal with small business insurance. I wonder, Minister, whether you are looking at any scheme to support small businesses that might be the victims of flooding, given that they might not be able to access flood insurance.

[201] **Alun Davies:** Flood insurance is not a devolved matter, so that is a matter for the United Kingdom Government.

[202] **William Powell:** Minister, one discrete point on the RDP, which I do not believe that you have addressed head on, relates to the £20.3 million that was transferred to the sector's action within BETS in 2012-13. Could you give an undertaking to this committee that you will keep us apprised of the progress of your negotiations with your Cabinet colleague Mrs Edwina Hart in relation to securing this funding, and of what spending priorities you might apportion that money to if your negotiations are successful?

[203] **Alun Davies:** Andrew, would you take that?

[204] **Mr Slade:** As the Minister set out, the total amount of money available to the programme is not at risk. We will spend what we said we would spend to the Commission at the outset—the £840 million-odd that would be needed to implement the programme in full. You then have a wider set of questions about budgeting across departments, and we have had a machinery of Government change since then, with the creation of the Minister's portfolio. We have also had to deal with some of the budget reduction issues to which the Minister also referred earlier.

[205] In addition to that, I need to be able to talk to my colleagues in what is now the Directorate for Economy, Science and Transport about funding for some of our objectives around the food sector and elsewhere. So, it is a little bit hard to say that the money has been lost in that sense, but we are in discussions with BETS at the moment about the handling of that money and about our priorities across the Minister's portfolio, where we are looking to work with it on a number of key issues.

[206] **William Powell:** Clearly, there is bound to be a significant degree of overlap between

the two portfolios, but I think that this committee would retain a significant interest in the outcome of those negotiations and the intention for the spend.

[207] **Yr Arglwydd Elis-Thomas:** Gaf i ofyn un neu ddau o gwestiynau pellach ynglŷn ag effaith y ddeddfwriaeth newydd yr ydych yn ei chyflwyno, yn benodol y ddeddfwriaeth ynglŷn â'r panel cyflogau amaethyddol: is-ddeddfwriaeth bosibl, ac, wrth gwrs, y ddeddfwriaeth gynradd ei hun? Ymhle yn y gyllideb y dangosir y costau ychwanegol ynglŷn â'r ddeddfwriaeth newydd, a pha newidiadau yn y gyllideb sy'n digwydd oherwydd y ddeddfwriaeth honno?

Lord Elis-Thomas: May I ask one or two further questions on the impact of the new legislation that you are introducing, specifically the legislation on the agricultural wages board: possible subordinate legislation, and, of course, the primary legislation itself? Where in the budget are the costs associated with new legislation outlined, and what changes to the budget will take place because of that legislation?

[208] **Mr Slade:** There are relatively small sums of money involved in terms of operating the panel, if we need to do that—of course, you will be aware in relation to the Agriculture Sector (Wales) Bill that we are waiting now for the Supreme Court to weigh in. The costs of running the panel are relatively small, and we have been making a contribution in the past, as I understand it, to the UK arrangements anyway, so we will do some rebalancing of the budget there. It is not an item that we have provided for particularly, which takes us back to some of the earlier discussions that we have had about unfunded pressures. The costs thereafter of administering the schemes associated with it and the operation of the panel are judged to be relatively small overall, and we are not expecting that item to be a major call on the budget.

[209] **Alun Davies:** Existing budgets.

[210] **Yr Arglwydd Elis-Thomas:** O ran unrhyw gynlluniau arfaethedig arall yr ydych yn cyfeirio atynt yn eich papur, rwy'n meddwl y byddai'n syniad da yn y dyfodol pe byddai gwariant penodol yn cael ei ddangos fel llinell gyllidebol, hyd yn oed os yw'r rheini yn gymharol fach, yn hytrach na'n bod yn gorfod chwilio mewn llinellau cyllidebol am faterion nad ydym yn siŵr os ydynt yna neu beidio.

Lord Elis-Thomas: In terms of any proposed schemes that you refer to in your paper, I do believe that it would be a good idea in future if specific expenditure could be shown as a separate budget line, even if those are relatively small sums, rather than us having to go through budget lines with a fine-toothed comb to identify issues that we do not know whether they are there or not.

[211] **Alun Davies:** I am advised that that is an entirely fair point.

[212] **Yr Arglwydd Elis-Thomas:** Wel, rhywle, felly.

Lord Elis-Thomas: Well, thank you very much. We are getting somewhere, then.

[213] **Mick Antoniw:** Just to follow on from those particular points, obviously, when you scrutinise a budget at the beginning of a period, you are looking ahead, and there can be unforeseen events and so on; it is difficult to know precisely what is going to happen. If you had to identify two or three areas that you felt were most at risk of not being achieved because of the tight financial constraints, what would they be, and what is the contingency arrangement or provision that has actually been built into the budget for general emergencies or issues that might arise? What level of provision has actually been made?

[214] **Alun Davies:** Contingencies would be held centrally by the Minister for Finance, so I would speak to Jane about those matters. In terms of where we are, in terms of the delivery of

this budget, and the delivery of our programme, there are particular items that we have to, we must, get right—CAP reform implementation is one of those. We simply must ensure that we have the funding available to deliver the new CAP when that is delivered in 2015. We simply have to do those things. In terms of other matters, there may well be a case in the future where we do need to juggle between budgets and to seek additional support where that is necessary in order to deliver on our priorities. What I will say to committee is that, if we are making significant changes to our existing budgets, that will, first, be done through a supplementary budget process, and, secondly, that will be a matter of report to this committee.

[215] **Yr Arglwydd Elis-Thomas:** Rwy'n credu ein bod wedi dibennu, ac felly diolchaf i'r Gweinidog, i'r prif swyddog milfeddygol, ac i'r cyfarwyddwr amaeth, bwyd a môr. Mae croeso iddo ymweld â Dwyfor Meirionydd ar unrhyw adeg yn y dyfodol eto. Diolch yn fawr.

Lord Elis-Thomas: I believe that we are finished, so I thank the Minister, the chief veterinary officer and the director of agriculture, food and marine. He is welcome to visit Dwyfor Meirionydd at any time in the future again. Thank you very much.

*Gohiriwyd y cyfarfod rhwng 10:59 a 11:15.
The meeting adjourned between 10:59 a 11:15.*

Cyllideb Ddrafft 2014-2015: Craffu ar Waith y Gweinidog Cymunedau a Threchu Tlodi
Draft Budget 2014-2015: Scrutiny of the Minister for Communities and Tackling Poverty

[216] **Yr Arglwydd Elis-Thomas:** Bore da, Weinidogion. Mae'n bleser cael dau Weinidog o Gabinet Llywodraeth Cymru gyda ni heddiw wrth i ni drafod y gyllideb. Mae'r pwyllgor hwn yn enwog am geisio cynyddu nifer y Gweinidogion sy'n atebol iddo ar hyd yr amser. Mae hynny'n dangos mor allweddol yw maes y pwyllgor hwn i weithgaredd y Cynulliad ac i fywyd Cymru, gobeithio. Dyna le rwyf eisiau cychwyn. Rhaid i mi ddweud nad oeddwn yn gweld yn glir iawn beth oedd y rhesymeg dros gynnwys ystyriaethau datblygu cynaliadwy yn yr asesiad o'r effaith ar gydraddoldeb, oherwydd byddwn i'n dadlau bod y cyfrifoldeb, neu'r ddyletswydd i fod yn fanwl gywir, ynglŷn â datblygu cynaliadwy yn ddyletswydd gyfansoddiadol benodol yn ei hawl ei hun a roddwyd ar y Cynulliad Cenedlaethol ac ar Lywodraeth Cymru yn y ddwy Ddeddf Llywodraeth Cymru. Felly, dylai datblygu cynaliadwy gael ei ystyried yn ddyletswydd gyfansoddiadol arnom ni i gyd, ac nid yn rhan o ryw ffrwd o gydraddoldebau eraill. Cychwynnwn ni yn y fan honno.

Lord Elis-Thomas: Good morning, Ministers. It is a pleasure to welcome two Ministers from the Welsh Government Cabinet today as we discuss the budget. This committee is famed for trying to increase the number of Ministers accountable to it. That demonstrates how crucial the remit of this committee is to the activity of the Assembly and to the activities of the whole of Wales, I hope. That is where I want to start. I have to say that I did not clearly see the logic behind including sustainable development considerations within the equality impact assessment this year, because I would argue that the responsibility, or the duty to be precise, in relation to sustainable development is a specific constitutional duty in its own right that was placed upon the National Assembly for Wales and the Welsh Government in the two Government of Wales Acts. Therefore, sustainable development should be considered as a constitutional duty on us all, and not as part of equality streams of all sorts. We will start with that.

[217] **Y Gweinidog Cyllid (Jane Hutt):** Diolch yn fawr, Gadeirydd. Rwy'n falch iawn o fod gyda chi'r bore yma.

The Minister for Finance (Jane Hutt): Thank you, Chair, I am very pleased to be with you this morning.

[218] That is a very important and challenging first question.

[219] **Lord Elis-Thomas:** I thought you might enjoy that one. [*Laughter.*]

[220] **Jane Hutt:** Perhaps I could respond as Minister for Finance. Obviously, what we are seeking to do is assess the impact of our budget on all of the priorities and, indeed, on the legal, statutory and constitutional agreements that we have made as an Assembly. This year, what we have done is to bring together the different impact assessments that we are obliged, and, indeed, wish, to deliver in terms of assessing the impact of our very difficult budget considerations. When you have a reducing budget, and, of course, that is the key feature of this year—the most difficult budget—then your priorities are key, and assessing the impact, and I am sure that we will discuss this further, goes beyond sustainable development. There are strong connections in terms of the wider definition of sustainable development, I would say, in terms of assessing impact on equality, socioeconomic disadvantage, children's rights, as well as the Welsh language, which we have now brought together in our consideration of impact assessments. Last year, we had a separate chapter in our draft budget on sustainable development. This year we have brought these together. This is a journey and we need to be scrutinised to see the effect of that, but the Finance Committee itself felt that we should move towards a more integrated approach to impact assessments. It is important that Jeff, I am sure, will respond to scrutiny questions about the role of the future generations Bill in looking at this further, but I would say that we recognise that sustainable development is the core organising principle. It is at the heart of everything we do in the Welsh Government, and, if you start separating impact assessments, then you do not get such an integrated approach. There are certainly cross-overs in terms of the impacts. So, that is a start in terms of a response.

[221] **Yr Arglwydd Elis-Thomas:** Diolch yn fawr, Weinidog, ond mae wedi cael ei ddweud wrthym sawl gwaith gan ein rhanddeiliaid—y mudiadau cadwraethol dylanwadol yng Nghymru—a oedd yn bennaf gyfrifol am osod datblygu cynaliadwy yn sail gyfansoddiadol i ni fel Cynulliad ac i'r Llywodraeth, eu bod yn pryderu ynglŷn â'r lleihad yn y flaenoriaeth i'r weledigaeth hon. Felly, byddwch yn deall ein bod ni fel pwyllgor, gyda'n cyfrifoldebau ni, yn sylwi'n ofalus iawn ar unrhyw newid a all arwain at flaenoriaeth lai i ddatblygiad cynaliadwy yng ngweithgaredd y Llywodraeth a'r Cynulliad.

Lord Elis-Thomas: Thank you very much, Minister, but we have been told on a number of occasions by our stakeholders—the influential conservation organisations in Wales—who were chiefly responsible for placing sustainable development at the heart of our constitution as an Assembly and for the Government, that they are concerned about the diminution in the priority given to this vision. You will therefore understand that we as a committee, given our responsibilities, take great note of any change that could lead to a lower priority being given to sustainable development in the activities of Government and the Assembly.

[222] **The Minister for Communities and Tackling Poverty (Jeff Cuthbert):** May I respond to that? In preparation for the introduction of the future generations Bill, it is very important that we make sure that the way that we operate in the Welsh Government can be seen as a model of good practice, because, after all, the purpose of the FG Bill is to place a duty on all public organisations to do the same and to have consideration of issues of sustainable development in all their key decision making.

[223] I have met with quite a number of the environment groups that I believe you are referring to over the last three months—however long I have been in post; three and a half months, or something like that—and I have impressed upon them that there is no question of reducing the importance of sustainable development in our work. The impact of decisions on the environment, on communities and on the economy is clear, but that is not to say that any

one of those three pillars is more important than the other two, although, clearly, in these very difficult economic times, we want to do all that we can to create sustainable jobs. It may be that issue that leads people to think that it has a greater focus than more long-term, broader issues.

[224] **Lord Elis-Thomas:** Thank you, Minister. Mick Antoniw is next.

[225] **Mick Antoniw:** Thank you, Ministers. Taking the future generations Bill, formerly mooted as a sustainability Bill, it is clear that the direction of Government seems to be looking at sustainability in a much broader context, in terms of jobs and quality of life as well as environmental issues. What concerns me about it is that there are, potentially—and it is difficult to say until we have seen the outline of the Bill—significant expenditure implications for that, or there may be. How far has Government gone in its thinking, and what provision is there in the budget to ensure that a sustainability Bill, or a future generations Bill, is capable of achieving what we would want it to achieve, as opposed to saying that whatever we do legislatively is going to have to operate within all the existing budgets that we have at the moment?

[226] **Jeff Cuthbert:** Thank you very much for that question. We do not anticipate that the implementation of the future generations Bill will necessarily have huge financial implications. The Bill will be introduced in the summer of next year, and its provisions will come into force a couple of years later; so, we do have time to consider, with key stakeholders, any concerns there may be about financial implications.

[227] In terms of what we know now, we are making it clear that we do not expect that local government, for example, will have to do any more onerous reporting or accounting duties in order to show that it is addressing the requirements of the FG Bill. There will be expenditure in terms of the sustainable futures commissioner, and looking at the current expenditure of the Commissioner for Older People in Wales and the Children's Commissioner for Wales, which is about £1.5 million, we estimate that it will be somewhere along those lines. However, really, the whole focus of the Bill is to get public organisations to address the issue of their decisions on the economy, the community and the environment, which, to a degree, they are doing now, and they have to show that they are doing it in the annual reports that they produce. There will be advice and support, of course, from the commissioner to enable them to do that as effectively as possible. So, we do not think that the introduction of the FG Bill will lead to greater expenditures of any note.

[228] **Mick Antoniw:** So, we anticipate annual expenditure of around £1.5 million on the office of the commissioner, which is ongoing expenditure year on year. That means that the future generations Bill will have to be cost-neutral in terms of the way that it operates.

[229] **Jeff Cuthbert:** I do not think that I said 'cost-neutral', but we are not anticipating that its implementation will lead to any significant costs.

[230] **Jane Hutt:** As the Minister for Finance, perhaps I could come in to say that there will be plenty of opportunity to scrutinise this Bill. The regulatory impact assessment is key to that. As the Minister said, there is an opportunity with the future generations Bill to future-proof our communities. It could be an investment in the preventative focus that we are trying to develop in the key priority themes of our budget. There needs to be a lot of consultation before we get to that point.

[231] **Mick Antoniw:** The only point that I am making on the financial side is that, as we look ahead at budgets over a couple of years, a budget can often constrain what legislation is capable of doing. What I am seeking from you is that in coming forward with a future generations Bill, we are not starting from a premise that it has to be cost-neutral. So, if, as a

result of the preparations and drafting and so on, there are unforeseen financial implications that would make the Bill effective, those are things that you are prepared to give consideration to in terms of the future environment and so on.

[232] **Jeff Cuthbert:** Future consideration is the key here. The Minister for Finance is quite right about it being capable of being seen as a preventative scheme. We invest in preventative schemes within my portfolio, such as Families First and Flying Start, which clearly have a cost to them. However, in terms of raising attainment in schools, improving family life and therefore reducing bills for social services down the line, they have value. So, the Minister is quite right to respond in the way that she did. The future generations Bill will cut across all Welsh Government departments. It is not for me to say how other Ministers will decide on their spending; that is why the Minister for Finance is here to answer questions on that point. Discussions will have to be held on a regular basis.

[233] **Mick Antoniw:** So, it will be framework legislation as to how you see the legislation develop.

[234] **Jeff Cuthbert:** Yes. I do not want to say too much at this point about the design of the legislation, because that is in hand.

[235] **Lord Elis-Thomas:** We wait with great anticipation for what is in your hand, as it were.

[236] **Jeff Cuthbert:** Good.

[237] **Antoinette Sandbach:** To both Ministers, I note your talk of future-proofing communities. One of the things that has been absent from most of the Bills published by this Assembly, with the exception of the fly-grazing Bill, is rural-proofing. You will be aware from the Joseph Rowntree Foundation's report that there is a big problem of hidden poverty in rural areas. Those areas are being missed out by Communities First programmes and other programmes. What impact assessment are you making, and how are you ensuring that that element of social justice means that poverty hidden within communities is not missed out? Will you be looking at a virtual Communities First area that covers rural areas, so that you can allocate resources where there is clear identified need, as part of your sustainable development criteria? Otherwise, some people may feel that it is sustainable development only for urban areas, not rural areas, which will be set in aspic as pretty places for the environment, rather than being living and working places for communities.

11:30

[238] **Jeff Cuthbert:** My portfolio is tackling poverty for the whole of Wales. We have to give regard to rural areas, urban areas, semi-urban and semi-rural areas. There are discussions that will be beginning very soon in terms of the rural development plan and how we look at issues of tackling poverty within that, which is not just about Communities First. I mentioned Families First and the Flying Start programmes, all of which apply to rural areas as they do to urban areas. In terms of Communities First, there are now 52 clusters across Wales and they tend to be in the more populated areas; I accept that. You do have to have some boundaries and it will never be perfect for everybody. That is because the figures that we have show that the areas of greatest deprivation are in those urban areas. That is not to suggest for a moment that we are therefore reckless about the impact of our work on rural areas. So, it will be part of our discussions in terms of how we can better protect people living in real poverty in rural areas when we consider the new rural development plan.

[239] You mentioned specifically a 'virtual Communities First area'—a term that I am not familiar with, but I am always learning. If you want to send me details about what you mean,

I would be very happy to look at it.

[240] **Antoinette Sandbach:** I am very grateful for that.

[241] **Jane Hutt:** Perhaps I could just come back on that question as well. Clearly, there are ways in which some of our budgetary decisions are not only pan-Wales, but pan-population. It is very important to look at universal benefits, for example, so that poor people suffering from rural poverty can access free prescriptions, free school breakfasts, and also concessionary fares; it is well-targeted. Also, we have some pan-Wales projects in the infrastructure investment plan announcements that I made last year, which are very important in terms of flood protection in rural areas, for example. Finally, our European social funds will, next year, have a focus on tackling poverty, which will be particularly intensive in terms of west Wales and the Valleys, and the rural areas will benefit.

[242] **Jeff Cuthbert:** Could I just add something, Chair, if I may? I had a very interesting meeting with the Powys Association of Voluntary Organisations about a month and a half ago, and I was impressed. It brought members and supporters of its organisation to tell me about the issues that were of particular relevance to a rural area like Powys, around Newtown. It was very interesting to me to hear about how much they depended on food banks, for example, which are a product of the economic system that we are in; the austerity measures have led to this. I represent an urban area and I had to change my way of thinking. Of course, you often tend to think that there must be plenty of food about in the countryside, but it is not as simple as that; of course it is not. So, I undertook to look at the issue of food banks, and how we can work with them, and I have done that. They also raised the issue with me of what was called ‘transport poverty’; what they meant really was not so much that they could not afford transport, which would be a matter for me, but that there was an inadequate supply of transport. Now, that is a matter for the Minister for Economy, Science and Transport, and I made her aware of that issue.

[243] **Antoinette Sandbach:** Can you give us examples of what mitigating measures were put in place when, in your impact assessment, negative impacts were discovered? I know, for example, that there has been a £42 million cut to the education budget, particularly to the skills budget, and I am concerned about that, bearing in mind that skills provide a route out of poverty. Given that cut, what mitigating measures are you putting in place?

[244] **Jane Hutt:** Perhaps I could respond to that. I commented on the fact that the Welsh Government has some pan-Wales priorities that reach all citizens, such as universal benefits. When we are trying to present a reduced budget, it has to, as I said, all go back to priorities, fitting in with our programme for government and what we feel we can protect. Having undertaken assessments of the impacts, I would say that one of the most important budget lines, which you will all be aware of as something that is important to people across Wales, is the Supporting People fund. So, there has been a great deal of discussion about the impact of reducing the Supporting People fund, which goes to vulnerable people and is supported by a partnership of public and third sector organisations. We have been thinking about and looking at the impact of the loss of Supporting People, and many of you will have heard representations from organisations about Supporting People. As part of our budget agreement discussions over the summer, we looked at Supporting People and decided that we would have to protect it to mitigate the impact of the cuts to Supporting People.

[245] This again goes back to priorities. We were looking at a two-year budget. Jobs Growth Wales was a three-year programme, of course, and even though we have created 8,000 job opportunities for young people, we felt that the job was not done, by any means, in terms of the need for skills and training. So, we have extended that for another year. That is a decision that was made as a result of the positive impact of Jobs Growth Wales and the negative impact of not tackling youth unemployment.

[246] Finally, on the decisions that we had to take into account, we decided, in terms of Arbed, for example—a programme that I know has widespread support from this committee—not only that we should allocate additional funding to Arbed, which meets all of our priority themes in terms of sustainable development indicators, but that it should also be matched with European structural funds. It is about tackling fuel poverty, energy efficiency, creating jobs, providing training and community benefits. So, it ticks all of the boxes. Part of the impact assessment is seeing what the adverse impacts are if we cut and reduce, and what the benefits are if we mitigate and protect.

[247] **Julie Morgan:** Minister, you mentioned the Wales infrastructure investment plan. How are the sustainable development implications of the additional capital that you have given for the Wales infrastructure plan measured?

[248] **Jane Hutt:** Thank you for that question. This is something on which the Wales infrastructure investment plan has given us a very clear set of priorities for investment. So, every proposal coming from Ministers across the Welsh Government has to be tested against those key priorities, on which we consulted. Proposals coming forward then have to be appraised, and we have a cross-governmental departmental panel. So, colleagues from Jeff Cuthbert's Fairer Futures division sit on that panel to ensure that sustainable development principles are underpinned and are recognised. This is not just for projects that are coming from the Minister's portfolio, but for all projects that are coming forward. Sustainable development principles have to be considered. Obviously, you have to assess the bids and the capital announcements that I announced last week against this question. All proposals had to stand the SD test before they were approved. I have mentioned Arbed already as being a good example of what I announced last week. However, in relation to flood defences and flood protection, the allocation of funding is also, I believe, a demonstration of the fact that sustainability impacts for the environment are at the forefront.

[249] **Julie Morgan:** The reason that I asked that was because the equality impact assessment referred to the equality issue but did not refer to SD in relation to the additional capital funding. Can you assure us that that is actually happening during the assessment?

[250] **Jane Hutt:** Yes; I hope that I have reassured you that it is happening. I think that that is a clear message—that we need to make it clearer. In my statement last week on the capital announcements, I think that the core organising principles of sustainable development, as well as the equality impact assessment, were taken into account. However, I think that projects speak for themselves.

[251] **Julie Morgan:** Are there any issues that you have come across where the short-term benefits are in conflict with the long-term sustainability developments? Are there any projects that you have had to grapple with?

[252] **Jane Hutt:** Yes; I think that that, obviously, is a key question for us. We have our priorities in terms of infrastructure, transport and energy, and public services, in terms of housing. All of the priorities have short-term needs and longer-term sustainable development impacts as key issues. The announcement that I made recently—not last week but with Carl Sargeant—about a new way of innovatively financing social housing, for example, with £130 million for a new housing scheme, is going to enable us and social housing landlords to build houses and smaller properties to the best standards of the Welsh housing quality standard. These are lifetime homes; that is addressing short-term need and a very long-term positive impact. So, we are looking at the short and the long term.

[253] Obviously, capital investment is going to save hugely on maintenance costs in terms of energy efficiency, as well as creating short-term jobs. I have said that for every capital

project we need to know how many jobs are created. Last week, we said that the announcement of over £500 million of capital investment would create 11,000 jobs. Some of those are construction jobs, which are short term, but others are longer-term jobs, not just in the public sector. If we invest in the next phase of the Heads of the Valleys road, it is going to bring jobs and growth to the Valleys.

[254] **Jeff Cuthbert:** If I could just add to that, it is a very good point, and the examples given by the Minister bring it home. When the future generations Bill is there, what we hope that it will do is avoid decisions that have happened in the past—for example, a major road being driven right through the heart of a community so that the community becomes divided. If a local authority—I mentioned this in this committee earlier—wants to sell off a school playing field for the capital receipts—we understand why that may happen and the attractiveness of that—consideration has to be given to the longer-term impact on the community 10 or 12 years down the line. Clearly, whenever projects are thought through, they should be designed in a way that is as environmentally friendly as possible, so that good quality building materials are used that are as carbon neutral as possible and that the jobs that are attracted are high-quality highly skilled jobs that can be there for the foreseeable future.

[255] **Julie Morgan:** Would you anticipate, then, that the future generations Bill would cover this issue of people selling off playing fields?

[256] **Jeff Cuthbert:** We cannot say that there would not be any circumstances under which that would happen. However, what we would require them to show is how they considered all of these issues in terms of the decisions that they made. They will be required to produce evidence that would need to satisfy the Wales Audit Office that they have indeed given proper consideration and reached a logical conclusion.

[257] **Yr Arglwydd Elis-Thomas:** Carwn ofyn i'r Gweinidog Cyllid, cyn i mi alw ar William Powell a Joyce Watson, a fydd unrhyw ystyriaeth o fewn ei hadran hi, neu ar draws y Llywodraeth, o'r posibilrwydd o gyhoeddi cyllideb garbon er mwyn asesu effaith cynigion yn y gyllideb ddrafft ar garbon, gan ein bod yn pwysleisio gymaint ar yr angen i leihau allyriadau carbon?

Lord Elis-Thomas: May I ask the Minister for Finance, before I call William Powell and Joyce Watson, whether any consideration was given in her department, or across Government, to the possibility of publishing a carbon budget to assess the impact of budgetary proposals on carbon, as we place so much emphasis on the need to reduce carbon emissions?

11:45

[258] **Jane Hutt:** That is a challenging question for the Minister for Finance, quite rightly. This has to be a shared responsibility in terms of tackling climate change. I am sure that you would want to put that question to the Minister who was before you earlier on today in terms of his responsibilities. The recognition across Government that we have to tackle climate change and that it is everyone's responsibility is the key point. I know that Alun Davies is going to be reporting on this shortly. I understand from the latest data that we are going to meet our 3% annual emissions target. Going back to your earlier challenging question of how this becomes an integrated approach when we have difficult challenges in terms of reducing budgets, we are very clear as a Welsh Government what our priorities are and we have a commitment to reducing carbon, so that has to be reflected in our budget.

[259] **Jeff Cuthbert:** In terms of the carbon footprint and greenhouse gases, we have sustainable development indicators for Wales in this very handy booklet that we have produced. These will guide our work.

[260] **Lord Elis-Thomas:** I like the way that you just took that booklet out of your pocket.

[*Laughter.*]

[261] **Jeff Cuthbert:** There is a section on greenhouse gas emissions. The serious point is that these indicators are a useful tool in terms of Ministers being able to measure the actual contribution they are making towards sustainable development within Wales. I have had a report that we are now considering that suggests that we are making use of the indicators but that perhaps there is scope to do better. If that is the case, then we must do so, and I am having that analysed now. We take the ability to measure how we are doing very seriously.

[262] **Lord Elis-Thomas:** That was something that we discussed at great length before this building was commissioned, for example—the importance of making public our achievement of green targets in the way that we operate. These things are key to all that we do.

[263] **William Powell:** Bore da, Weinidogion. It is particularly appropriate that the Minister should flag up the handy reference guide that you have just shown to us because I wanted to ask what reassurance you could offer the committee about the robustness of the data sources being used by your officials to assess the impacts of decisions within your department and also budgetary allocations, particularly around sustainable development.

[264] **Jeff Cuthbert:** We take it very seriously indeed. On sustainable development, the Chair is quite right—I almost called you the Presiding Officer then from force of habit—

[265] **Lord Elis-Thomas:** Twelve years was enough. I am enjoying this a lot more, I can tell you that. [*Laughter.*]

[266] **Jeff Cuthbert:** Sustainable development has always been, constitutionally, at the heart of our work. What we did not have, though, in a sense, was a duty to promote it. That is what we are now going to do within the FG Bill, and we will require all public services to do exactly the same. That is not only for my other ministerial colleagues, who I am now meeting on a regular basis to discuss their contribution to achieving these aims. We have a future generations Bill reference and advisory group that meets to support the work of the commissioner. I am attending the next meeting on Monday to talk to the group about how I see that Bill developing and, more importantly, to hear from it. The group's members are key players in the field of sustainable development, representing a wide sector, including businesses and the trade union movement, so that the issue of the economy is not forgotten. More importantly, they will tell me what they think we should be doing to make this Bill and SD provisions more of a reality. So, we are working very closely on this. We do not for a second suggest that just producing this booklet means that we have all the answers. We have to keep well on top of it and the will is there to do that.

[267] **William Powell:** Thank you for that answer, Minister. Could you outline how, in a wider context, the impacts of Welsh Government sustainable development policies will be reported on? That is a very handy guide and a very accessible form, but in a wider sense what plans do you have in place to report upon that?

[268] **Jeff Cuthbert:** Once the Bill is in place, the commissioner will be obliged, following the election of each new Assembly, to provide a 'state of Wales'—'state of the nation'—in terms of sustainable development and, on an annual basis, will report on our progress. That will return to Plenary. So, we will be taking that very seriously. Within this, I have made it clear that the future generations Bill must not be seen as something that is in stone and unchanging in its way. No; it will have to be capable of being a live policy that takes account of changing technologies, for example, and then perhaps be adapted accordingly, so that the advice that we are giving to future generations is as up to date as we possibly can make it and that public services are working on the basis of best knowledge. So, we will have a formal reporting structure in place, which will happen. I do not want to second-guess what those

reports will contain, but it will then be for Assembly Members to debate.

[269] **William Powell:** Are you alert to concerns that have been expressed regarding the level of independence of the commissioner from the Welsh Government and the degree of freedom of movement that that person, whoever he or she may be, will have? I think that the credibility of the person in that role is absolutely central to how successful we can be in future years.

[270] **Jeff Cuthbert:** The short answer to the question is, 'yes, I am aware', but perhaps I should expand on that slightly. Yes, those points have been made to me, but the position is that the commissioner will be appointed by the Welsh Government, in the same way as the children's commissioner, the Welsh Language Commissioner, and the older people's commissioner. The only commissioner that is appointed by the Assembly is the standards of conduct commissioner, but that is for very good reasons, because—currently—his responsibility relates to the conduct of Assembly Members, so it would not be appropriate for the Welsh Government to make the appointment. However, I have not heard any suggestions that the independence of the three commissioners that I have mentioned of Welsh Government has ever been questioned. Indeed, I have the report of the children's commissioner before me now. It is certainly not a fawning, sycophantic approach to Welsh Government. It makes some very clear points that we are taking on board.

[271] **William Powell:** I am grateful for your response.

[272] **Joyce Watson:** Good morning, Ministers. I want to take you back slightly to construction and infrastructure planning. I welcome all of the new investment. It is fantastic. In terms of moving forward, I want to ask two key questions, one of which I know Jeff knows plenty about, which is about legacy requirements. First of all, through procurement, particularly in construction, how can we build the future on the legacy of the skills and investment in those skills that could be achieved through procurement? That is definitely future-proofing what we spend now and realise tomorrow. While I am at it, I will ask the two questions. On the same theme, we also have a commitment to building more houses, and we do so through various partnerships. My concern—and I am sure that I share that concern with many people—is that that is being achieved by people living in those areas where provision of land is right on their doorsteps. So, they are losing their green spaces. It affects their living environment. My overall question on that is this: when we say that we want to build social housing and that we want all of the standards, quite rightly, that we insist on, do we look at the wider implications of not robbing people—children—of their right to access playing areas and green spaces?

[273] **Jeff Cuthbert:** I thank Joyce Watson very much for that question. The Minister for Finance will deal with matters of procurement, because that is part of her brief. In terms of the issue of legacy and construction, I know, from my former ministerial role, that the construction industry takes the issue of sustainable development and the use of modern construction materials very seriously indeed. When I talked with representatives of Construction Skills Training Ltd—the training arm of CITP—they were absolutely clear that they are not going to endorse any work that does not take account of the so-called green issues in constructing new houses. They have to meet the Welsh housing quality standard, in any event. Therefore, it is crucial that we encourage housing development. There is a crying need for it and it provides excellent jobs. The Minister has already alluded to the money that has been allocated for the building of more small homes, to assist with the impact of the bedroom tax, if that policy remains in place.

[274] However, the issue that you raised about people losing their green spaces is exactly the sort of issue of which I expect the future generations Bill to require planning authorities to take account. There is a planning Bill coming through at the same time and it is opportune

that it is co-ordinated in this way. These Bills, the environment Bill and the Active Travel (Wales) Bill, will all allude to their relationship to the future generations Bill. It is crucial that those Bills set the actual targets, standards and requirements to be met. The future generations Bill provides the duty for those things to be considered in planning. So, I cannot say, as I did with the issue of the playing field, that it will never happen, but they will have to show how they have very carefully considered all of the other impacts. However, recreational areas are very important.

[275] **Jane Hutt:** Absolutely. I would endorse everything that the Minister has said. Last week, I announced an extra £20 million for the social housing grant, but I also announced how we are going to use some of the financial transactions—this capital spending power that we have as a result of the last budget. So, we have to repay it; it is recyclable. We announced £5 million for affordable housing land schemes and that is to help local authorities to look at appropriate land schemes for registered social landlords for the development of affordable housing. We still have a lot of land that could be used appropriately for meeting the housing need that Jeff Cuthbert has been talking about.

[276] However, it is also very important that the future generations Bill dovetails with the new planning legislation, as you say, and indeed, the housing Bill. This is where, as a legislative body here, you will scrutinise, I know, all of those aspects of legislation coming through.

[277] In terms of procurement, you know, because of all of the work that you have done in this field, Joyce, that sustainable procurement is a key part of capital and infrastructure investment decisions. It will be reflected in the future generations Bill, but we are well ahead in terms of the commitment from the construction industry to sustainable procurement.

[278] **Llyr Gruffydd:** Mae gennyf gwestiwn i'r Gweinidog cymunedau. A allwch roi enghreifftiau i ni o sut mae'ch cynigion chi ar gyfer y gyllideb ddrafft bresennol wedi cael eu newid neu eu datblygu, efallai, oherwydd impact eich ystyriaethau i faterion sy'n ymwneud â datblygu cynaliadwy?

Llyr Gruffydd: I have a question for the Minister for communities. Could you give some examples of how your proposals for the current draft budget have been amended or developed, perhaps, because of the impact of your consideration of issues around sustainable development?

12:00

[279] **Jeff Cuthbert:** First, if there was money around, we would be spending it very well, but in terms of the overall budget position that we are in, I am comfortable with the budgets that I have had. We have had to look for savings—there is no doubt about that—and we will have to look again. We have managed, in both Families First and Flying Start, to identify sums of money that we think we can save through working a little smarter. So, those are some of the issues. Whether we can give you at this point precise figures, I do not know. We may have to send those to you, unless we have them to hand.

[280] **Mr Charles:** We would have to send those.

[281] **Jeff Cuthbert:** We will send you figures where there have been actual changes in terms of the budgets. We are having to look at issues like the advocacy service for young people and the future of organisations like Funky Dragon, which will have their current funding, as they know full well, up until the autumn of next year; we are now looking in terms of our reduced budget as to how we can still provide those services, but perhaps in a different way, amalgamating organisations. In terms of Meic, the online advocacy service, we are looking to see whether there is scope for merging that with CLICOnline. These are all

relatively small sums of money, but I have a relatively small MEG to begin with, so it is harder to cut a small MEG than it is a great big one. What I am trying to say is that, yes, we have looked very constructively, in terms of the draft budget for next year, at areas where we can save without it impacting on the front-line services. I will happily send details to the committee that are a little more accurate than what I have just said.

[282] **Jane Hutt:** Could I come back very briefly on that point? I mentioned earlier that this has to be mainstreamed across the whole budget, so I do not know whether we can really extract particular projects or cases of the kind; we will look at it. Clearly, we have tried to take a preventative approach, which is key to the organising principle of sustainable development. If you look at the impact assessment you will see that there are some areas that we have protected, which are not blazoned across Welsh Government priorities, and I would say that one example is the domestic abuse services grant, which we have protected. We know that we can tackle violence against women and domestic abuse by investing in this grant line, but also we recognise the importance of investment in things like youth justice, which of course is key in terms of providing young people with the opportunities that they need. You would have to go across the budget, and hopefully you will see that reflected in the impact assessment.

[283] **Russell George:** One issue that I wanted to raise was food poverty, which you mentioned earlier, and food banks, in relation to rural areas in particular. Many families on low incomes will be entitled to free school meals, but I am certainly having reports that some children in primary schools are coming home hungry, especially at the older age, when they are 10 or 11, because of guidance being issued that all children, regardless of their age, should have the same portion. There is also an issue—this might not be Welsh Government guidance; it may be local authority guidance—with second helpings not being permitted. So, there is an issue there. It is cross-portfolio, I appreciate, but there is an issue there of tackling food poverty if children are going home hungry. There is also an issue of sustainability if food is being thrown away rather than being given out in second helpings. I think that what is behind that is to tackle obesity, but the balance does not seem to be right on this, and I wonder whether you have any considerations on that, and whether there have been any discussions on that on your part.

[284] **Jeff Cuthbert:** I am concerned to hear that about schools in your area. Those are matters, I trust, that you will bring to the attention of the Minister for Education and Skills, because it is clearly a matter of concern to him, as it is to us—but he would have a formal responsibility to look into that. I mentioned the issue of food banks, but on poverty more generally, the Welsh Government does not have competency over the welfare reforms that are happening, but they are having a serious impact on us in Wales in urban and rural areas. We are not sitting back in that regard, just allowing these effects to take place and wringing our hands. We are certainly looking at what weapons we have at our disposal to mitigate some of the worst effects. So, there are a number of passported benefits for people that we are looking at to see how we can mitigate the impact of the bedroom tax and provide some sort of support, such as council tax relief and that sort of thing, and we will be maintaining our universal benefits, such as free prescriptions. We want to maintain those to the very best of our ability.

[285] My officials are in regular and almost constant discussion with DWP officials about how we can make sure that we passport benefits in a way that is fair. We had a decent pattern with jobseeker's allowance and the disability living allowance and it is now about the impact of the new universal credit. The first roll-out in Wales is meant to be in Shotton from March. We are assuming that it is going to roll out across all of Wales; that is what we are told, and we must prepare for that. So, there will be a number of ways in which we will want to help to mitigate the worst effects of those changes and support people where we can.

[286] On the particular issue that you raised, about obesity, that is a very important issue and it is a preventative issue. Yes, some children eat more than others—I know that, having had a lot of them myself, and I now have far too many grandchildren, but there we are. *[Laughter.]* They are matters that I shall certainly mention to Huw Lewis. It is a preventative issue, and it certainly links in with health, this issue of obesity, so these are matters that you need to raise with Mark Drakeford as well. We will be using all the weapons that we have at our disposal to minimise the impact of the poverty situation. I am very grateful to you for providing that as an issue, and I would urge you to take it up with relevant Ministers.

[287] **Russell George:** Thank you; I will do that, as it does cut across portfolios, this issue of tackling food poverty, and it is a sustainability issue as well. I will take it up with them and I am grateful for your answer that you will raise it with them as well.

[288] **Lord Elis-Thomas:** And finally, Antoinette.

[289] **Antoinette Sandbach:** Minister for Finance, I wonder whether I could ask you about the measures that you have in place to ensure that the Welsh Government gets value for money. I want to give an example using the Arbed scheme. We heard evidence from the Welsh climate change committee that a number of indicators had not been adopted and that it had taken two years to get measurable indicators in place—many of which have not been adopted. We also heard that, for example, the carbon emissions from houses, pre-Arbed treatment, if I can put it that way, were not measured, so that the carbon savings could not be identified, and neither could the fuel efficiency savings. In other words, it was very difficult to assess the value for money that Arbed provides, because there were no baseline figures. Are you making sure that you embed value-for-money criteria in every Welsh Government programme? It is only in that way that you can assess, for example, the impacts on poverty, the impacts on sustainable development and the equality impacts.

[290] **Jane Hutt:** Clearly, value for money is critical, particularly with reducing budgets. We have talked about sustainable procurement being the key route to that, and you will know about my procurement policy statement principles that were published in December. You will know, for example, that in a couple of weeks' time, Lesley Griffiths and I will be launching our new national procurement service, which the whole of the public sector signed up to in terms of common and repetitive spend. Of course, that will develop. On the earlier questions about the importance of also ensuring that we have community benefits from our public spend, it is in terms of training, with local businesses benefiting the supply chain, as Joyce Watson mentioned earlier on, and apprenticeship opportunities.

[291] However, I am concerned about the evidence that you have about Arbed. Certainly, I think that my colleague Alun Davies, as the Minister responsible, will be concerned, and you may already have shared that with him. It seems to me that if we can get Arbed right—we clearly are as there is further investment in it, so we would have appraised it so far. Certainly, in my constituency, and I am sure in yours, you will see the great benefits of Arbed. In terms of sustainable development, if it delivers well, it should reduce carbon, it should be fuel efficient, it should tackle fuel poverty and should regenerate our homes and communities. Arbed should be a shining light in Wales. We will certainly want to go back to look at that particular evidence.

[292] **Antoinette Sandbach:** I am grateful for that.

[293] **Yr Arglwydd Elis-Thomas:** Diolch yn fawr i'r ddau Weinidog, Jeff Cuthbert a Jane Hutt, am eu presenoldeb yn y pwyllgor ac am yr atebion cryno. **Lord Elis-Thomas:** I thank the Ministers, Jeff Cuthbert and Jane Hutt, for their attendance at the committee and for their succinct answers.

12:13

Y Bil Rheoli Ceffylau (Cymru): Tystiolaeth gan y Gweinidog Cyfoeth Naturiol a Bwyd

The Control of Horses (Wales) Bill: Evidence from the Minister for Natural Resources and Food

[294] **Yr Arglwydd Elis-Thomas:** Croeso nôl, Weinidog. Nid yn aml y mae Gweinidog yn cael y fraint o ymddangos gerbron yr un pwyllgor ddwywaith yn yr un bore. Diolch i'r tîm sy'n ymwneud â'r polisi ceffylau. Bydd yn dda gen ti glywed nad oes gen i gwestiwn cyffredinol ynglŷn â'r Bil hwn. Rwy'n gwybod dy fod, fel Gweinidog, yn ymddangos gerbron y Pwyllgor Cyllid a'r Pwyllgor Materion Cyfansoddiadol a Deddfwriaethol yn ogystal. Felly, ni fyddwn yn ceisio dyblygu dim byd sy'n dod o unrhyw gyfeiriad arall. A oes gennyt unrhyw beth cyffredinol yr hoffet ei ddweud yn ychwanegol at yr hyn a glywsom yn y Siambr ddoe?

Lord Elis-Thomas: Welcome back, Minister. It is not often that a Minister has the privilege of appearing before the same committee twice in the same morning. I would like to thank the team that works on policies related to horses. You will be pleased to hear that I do not have a general question about this particular Bill. I know that you, as Minister, are appearing before the Finance Committee and the Constitutional and Legislative Affairs Committee also. Therefore, we will not be endeavouring to duplicate anything that will happen elsewhere. Do you have any general comments that you wish to say in addition to what you said yesterday in the Chamber?

[295] **Alun Davies:** Nac oes.

Alun Davies: No.

[296] **Lord Elis-Thomas:** Julie, could you begin the questioning?

[297] **Julie Morgan:** Yes. Good morning, Minister. I would like to ask a general question about the consultation and who you have been able to discuss these proposals with. In particular, I wanted to ask about the Gypsy and Traveller community. Has the department been able to make contact with them so that they have the information about what the proposals are in this Bill?

[298] **Alun Davies:** This Bill is the consequence of consultation. It is an organic piece of legislation, in the sense that it has come from the wider equine community. We have been asked to deliver this legislation for the control of horses to address fly-grazing and to deal with the problems that we are all very familiar with. So, this is very much something that has come from Wales, rather than from the Government of Wales. We are anxious to ensure that, in delivering this legislation, we touch all the different communities that will be affected by this and touch all the different people who may be affected by the terms of this legislation. I will ask Fiona to come in on the detail of how we did this.

12:15

[299] We have been in touch with the Welsh Government's equalities unit to try to address exactly the issue that you have raised, because it is one thing being able to talk in a structured way with a structured community, and to be able to have a two-way dialogue with that community, but it is entirely different to have a conversation with those parts of our society that are probably more difficult to reach, and are less likely to take part in the established processes. That is something that I am very aware of.

[300] As a Minister, I would be very happy to take part in the work that you lead in the cross-party group on these issues. I would be very happy to attend that meeting to answer

questions and I would also be happy to take part in more unstructured conversations outside this building, if you regard that as being necessary over the coming months.

[301] **Julie Morgan:** Thank you.

[302] **Alun Davies:** I give that undertaking now. I will ask Fiona to answer the detailed question.

[303] **Ms Leadbitter:** We meet with local authorities and major stakeholders, such as the farming unions and equine welfare charities on a regular basis. We also had a conference earlier this year, and we have engaged very thoroughly with our partners on the equine charity side. A lot of them have a huge amount of experience of dealing with the Gypsy/Traveller community. They have had a lot of education strands going, and they have been particularly useful because they are a way of ensuring that these people get to hear about what is going on. We will continue to work with them over the coming months as the Bill develops.

[304] We have also been talking to our equalities colleagues, and we have made the Bill and the action plan available to them. It has been forwarded to all the Gypsy/Traveller liaison officers so that it can be disseminated through the wider community.

[305] **Julie Morgan:** Thank you. One of the reasons why I am asking this question is because I was visited yesterday by a group of Gypsy/Travellers who were unaware of legislation that had been made in February in Westminster that affected their licences as dealers of scrap metal; they just did not know that it had happened. So, I am very concerned that that does not happen with this Bill. Have you had any direct contact with the Gypsy/Travellers themselves?

[306] **Alun Davies:** As a Minister, I have not, but as Fiona indicated, our officials and other officials have. We have two months before this comes to Plenary, so I would be happy within this period to join those conversations directly myself.

[307] **Julie Morgan:** Thank you.

[308] **Antoinette Sandbach:** Minister, last night you appeared in front of the cross-party group on the horse, where a number of stakeholders were present and raised some issues that they might have raised in evidence were we having Stage 1 proceedings via committee. Those dealt with issues around cumulative penalties, and whether or not it would be possible to look at repeat offenders. There were also concerns around the liability of landowners where horses had been dumped on their land without consent, as to what may happen if those horses escape. A number of other issues were raised, which I will not go into here, but which I know that you are aware of. What steps will you take to address the concerns raised last night?

[309] **Alun Davies:** It was good to have a conversation with the all-party group last night. This is not the first time that I have had that conversation with that group, or with those people represented there. As you know, the group was unanimously in favour and very strongly supportive of this legislation and how we are delivering it. It is important that those stakeholders represented last night and others that have taken part in this consultation are aware that we have a democratic settlement in Wales that means that we can identify a problem, have a very wide conversation with the community in Wales, deliver an action plan based on that consultation and conversation, and deliver legislation as part of that overall action plan.

[310] The issues that we will address as this process continues over the next few months, particularly with regard to liability issues and other issues, are those that have been discussed previously and which are not new. In terms of cumulative penalties, this is a matter that we

have discussed with local authorities. It was raised, I think, at the meeting you referred to, Fiona, in March, in terms of costs and availability of the recovery of costs. It is our view, and this is agreed with local government, that, while local government may recover the costs associated with the delivery of this legislation, those costs should not be punitive costs, and that is the situation which the legislation describes. It is not our intention to move to a punitive process for that. We have had this debate with lawyers and with local government, and the place where we are now is broadly agreed across local government, I think. Certainly, the local government representative last night was very supportive of where we are today.

[311] In terms of the liability on landowners, I will ask Julie to come in on this from a legal perspective, but it is not our intention to use this legislation to do anything more than deliver the statutory framework that has been asked for by the local government enforcement authorities and the equine community in Wales. It is here to deal with a very particular issue; that is why it is a very short piece of legislation, which is there to create a consistent framework across the face of the country. The issue that was raised last night by the NFU on the liability on landowners is not something that we seek to address through this legislation, because it does then start addressing other issues in terms of common law and the rest of it that we do not seek to address in terms of this particular piece of legislation. That would be a discrete piece of legislation doing something different. So, we do not seek to change existing law on that matter. Julie, do you want to follow up on that?

[312] **Ms Hill:** Yes. There are already in existence remedies available by way of the Animals Act 1971 for persons who find that horses are on their property, by way of suing the owners for trespass. There may well be issues where an escaped horse does create a liability, but I am sure you will appreciate that the law in this area is very complicated; it deals with tort trespass, nuisance and damages, and the idea behind our legislation was to give powers to the local authority to deal swiftly with this social nuisance.

[313] **Antoinette Sandbach:** As you have said, the law in this area is very complicated. If the liability remained with the original owner, the problem for a landowner is identifying who the owner of the animal is, and, therefore, by simplifying it and saying that the original owner would remain liable for matters—because, effectively, what you are saying is that the original owner remains liable for associated costs—

[314] **Ms Hill:** Ideally, yes, if that owner can be identified, but we would not want to interfere with the existing law. The situation with this Bill will not change the existing law. On the remedies available for people who find horses dumped on their land overnight, the only thing that will change in that regard is that they can now ring the local authority in areas where it did not previously have the powers and ask it to deal with it.

[315] **Antoinette Sandbach:** With the greatest of respect, the existing law will be changed, because you are changing law across the whole of Wales, and what I am asking is—

[316] **Alun Davies:** Not on the law of ownership.

[317] **Ms Hill:** Not on the law of trespass, damages or negligence. The tort is not changed. The liability and the difficulty of identifying ownership, for a landowner versus a fly-grazer, for want of a better term, will remain the same, because they could still use the Animals Act 1971, and, under the Bill itself, they do not have to contact the local authority; they could deal with it themselves under the Animals Act 1971. That will not change either.

[318] **Antoinette Sandbach:** If the local authority is going to take action, however, and you are giving powers, effectively, to local authorities to recover those costs from the owner of the animal—

[319] **Ms Hill:** If they can find out who that is, yes.

[320] **Antoinette Sandbach:** Is there going to be a process of disclosure then to the other victims of what is, in effect—

[321] **Ms Hill:** I do not think that is envisaged, so that there would not be any data protection issues arising, because I do not think that the local authority, if it did find the ownership, would be disclosing that to third parties.

[322] **Antoinette Sandbach:** So, we could be in a situation where a landowner who has been a victim—it may be the council itself, because it may be council land, and one department could not disclose to the other department who to take action against—

[323] **Ms Hill:** I am sorry, but I do not understand the question.

[324] **Antoinette Sandbach:** If it is council-owned property—

[325] **Ms Hill:** Right, and the horses are there—

[326] **Antoinette Sandbach:** And the horses are there, you are saying that, because, obviously, data protection applies between departments—

[327] **Ms Hill:** Well, I do not know what local authorities do, but I would imagine that they have a data-sharing protocol within the authorities.

[328] **Antoinette Sandbach:** Is that something that you would be looking at? Otherwise, in effect, what you are doing is depriving the landowner of the ability to take action where the council may have identified the owner and recovered costs.

[329] **Ms Hill:** Well no, because they would have a choice. If the landowner is more concerned about receiving damages, compensation et cetera, they have the option of going down the Animal Act route.

[330] **Antoinette Sandbach:** Not if they do not know who the owner is, and yet the council will be able to recover its costs. What you are saying is that that information cannot then be discussed or disclosed to anyone else.

[331] **Alun Davies:** This is a piece of legislation that does not seek to change the law, except to provide a coherent and consistent legislative and statutory framework for the management of this issue across Wales. To try to characterise it as depriving landowners of certain rights that they may or may not have today is, I think, a gross misreading of this legislation.

[332] **Lord Elis-Thomas:** Joyce Watson is next.

[333] **Joyce Watson:** Moving on to clarity and an exact reading of the legislation, could we have some further details on the justification as to why the time before the local authority is able to destroy a horse has been shortened to seven days, as opposed to the 14 days that exists in local Acts?

[334] **Alun Davies:** We are delivering a seven-day period as a minimum, and disposal will be by the most appropriate method, which can include sale or rehoming, rehabilitation or euthanasia, so it is not a direct route to euthanasia. Euthanasia is a choice that will be available to local authorities subsequent to that time limit. At the moment, the existing local Acts provide for a period of 14 days, which actually turns out to be 21 days by the time that

the procedures are completed. That is considered to be too long; it adds a considerable burden to local authorities and others, and, at a time of overstretched resources, that is very difficult.

[335] It is our view that any responsible horse owner would check their horses on a daily basis. However, seven days is considered sufficient time for anybody who has lost a horse to come forward. So, the seven-day period is a period of time during which any responsible horse owner can come forward to a local authority and claim that animal. If they do not do so within seven days, that does not mean that, on the eighth day, that horse is euthanized; it means that, on the eighth day, the local authorities will be able to make an appropriate choice as to how they deal with the matter. Is that a fair analysis, Fiona?

[336] **Ms Leadbitter:** Yes, and I think that the consultation bore out the fact that everybody felt that the 14 days, or 21 days under the existing legislation, was far too long and was placing huge burdens on local authorities. We had everything from 24 hours upwards suggested as a time frame. Seven days was arrived at as a reasonable compromise based on the evidence that was provided as a result of the consultation.

[337] **Joyce Watson:** Can I be clear—because I am not, actually—that, on the eighth day, while it might be the case that a horse may not be euthanized, it is the case that it could be euthanized? That is what I am trying to get at.

[338] **Alun Davies:** Yes. Those choices are available to the local authority after the seven-day period has passed.

[339] **Joyce Watson:** So, it is possible, then. I want to explore this a little bit please, Chair, because you said that seven days was ample time. If a horse owner was on holiday for ten days—that is the average time that people take to go on holiday—and somebody was charged with the care of that horse but it went missing, and the owner was not around, they could come back, could they not, and their horse would be dead. It is a little bit like ‘my parrot is dead’, but your horse would be dead, and it would not be anywhere near as amusing. That is why I want to focus on this particular piece.

12:30

[340] **Ms Leadbitter:** I think that you will find that local authorities will take every case on an individual basis—they will have to do so. There are safeguards—

[341] **Joyce Watson:** That is discretionary, is it not?

[342] **Ms Leadbitter:** Safeguards will be built in. For instance, if the horse is microchipped, there will be a duty on local authorities to ascertain who that microchip or the horse is registered to. At the moment, there is quite a lengthy process, where you have to go through DEFRA, as the result of not having a database. So, obviously, that would take far longer than seven days. Also, if it was a horse that belonged to a person who cared for it in an extremely good manner and somebody was looking after it, the chances are that it would have shoes on and it would be a horse that was very well cared for and looks well. In those cases, the local authorities are going to have to use their discretion. If it looks to be in superb condition and to have an owner, obviously, they are not going to want to put it down after seven days; they are going to make every effort to find the owner. There will be a lot of local knowledge, visiting saddle shops and feed merchants, et cetera. All this will be built in, so that they will make every effort and notify the local police. One would hope that, if somebody were looking after a horse on behalf of an owner, they would go to the police in the first instance, and ring the local authority, to say that the horse had gone missing. We are also intending to put in place a system whereby local authorities can pass information between them, so that, if a horse does go missing, before anything happens, they will be able to contact

and make every effort to find the owners.

[343] **William Powell:** I would like to quickly thank the Minister for attending the cross-party group on the horse last night, of which I am a sponsoring member. I thought that it was a really useful opportunity for a whole range of stakeholders. I took from that the fact that, while we clearly need to subject this Bill to appropriate scrutiny, it is not one where we need to cross the road to start an argument over its principles, because I think that they are widely accepted. I would ask you, Minister, whether you took account, in preparing this, of the Control of Horses Act 1996 in the Republic of Ireland and any assessment of its effectiveness that has been carried out since—I think that University College Dublin did a piece of work on that some years ago—particularly with regard to potential cross-border issues with our Celtic cousins in respect of the six counties and the Republic of Ireland and whether there any points there that might apply to the porous English/Welsh border.

[344] **Alun Davies:** I am not sure how far I want to trespass into those issues on the island of Ireland. I am very grateful to you for your kind comments. I thought the conversation last night was very useful as well. It is those sorts of conversations that have contributed to the development of this legislation. I am aware of the legislation existing in the Republic of Ireland. As I tried to say in my opening comments, this is an organic piece of legislation. It has come from the community, if you like, in terms of what we have been asked to deliver. It is very much a piece of legislation that is born of the knowledge and experience of both the authorities who are dealing with the issue of fly-grazing, mainly the police and local government, and also those who have a deep and abiding interest in the welfare of horses and equines. That involves all the different owners and communities that own horses and deal with horses and the different charities and the rest of it. So, this is not something that has just been developed within Government; it is something that has very much come from the much wider community. That community does, of course, understand the issues you have described and the porous nature of our border with England and all the rest of it. I have met Owen Patterson twice in the last period since coming back from summer recess to discuss this Bill with him. I also discussed it with Rupert de Mauley prior to summer recess. DEFRA does have copies of the legislation and what we are doing and knowledge of the intention to legislate as well. So, it is something that we have been working on. It is a matter for DEFRA Ministers in England to take decisions on these matters, but, clearly, the enforcement authorities and local authorities already work together to deal with cross-border issues and I would expect our friends and colleagues on the other side of the border to understand what we are doing here, and perhaps even learn lessons from it.

[345] **William Powell:** Given the evident enthusiasm from the local authorities that were represented at last night's meeting, and other agencies, for the principles of this legislation, if it is passed in the timetable that you have outlined and that you are seeking, when do you believe that its provisions will be available for local authorities to enforce?

[346] **Alun Davies:** The legislation says that it comes into force the day after Royal Assent; that is what it says on the face of it. I would anticipate that that would then be the law of the land, and I would anticipate local authorities being able to use it pretty well immediately after that date. I hope that in creating this structure and creating consistency of law across the country, we are also able to deliver responsible horse ownership. This is very much creating a legal basis for dealing with problems. We want to eliminate those problems before they reach a stage of requiring this piece of law to be dealt with. The point that Joyce made in terms of responsible horse ownership is where we want to be as a country, where people own and manage horses in a responsible way, and we eliminate the problem of fly-grazing that we are seeing, which has disfigured a number of different communities across Wales. The media attention has all been on south Wales, but I know that this is an issue for the rest of the country as well. I hope that by creating this legal framework, we will be able to do more than simply deliver this piece of law in terms of responsible horse ownership.

[347] **William Powell:** Finally, Chair, if I may—

[348] **Lord Elis-Thomas:** Yes, please, we are out of time.

[349] **William Powell:** It is anticipated that there would be something of a spike of activity in the first period in which this law would be in force. How long do you anticipate that it would take until we had a normalisation when things settled down? What advice have you had in that area?

[350] **Alun Davies:** I am not sure what ‘normal’ means. We have already been dealing with issues in the last few weeks around this matter. Enforcement authorities in the autumn of this year are already dealing with issues of fly-grazing and horse abandonment. I understand and recognise what lies behind your question, but this is something that is already creating difficulties. The legal requirements and the statutory structures delivered by this law are already needed today, so I hope that we will be able to provide this framework for enforcement authorities. We will then be able to do all the positive things that we want to do as well.

[351] **Llyr Gruffydd:** Rwyf eisiau pigo lan, os caf, ar rai o'r sylwadau blaenorol ynglŷn â digolledu tenantiaid, perchnogion tir neu bwy bynnag sy'n cael eu heffeithio arnynt o'r persbectif hwnnw. I fod yn glir, gallai sefyllfa godi lle mae awdurdod lleol yn adnabod perchennog ceffylau sydd wedi cael eu gadael, ac yn mynd at y perchennog i gael ei ddigolledu am y costau mae wedi eu cael o ganlyniad i ddelio â'r sefyllfa honno, ond na fyddai oherwydd rhesymau *data protection* yn gallu rhyddhau gwybodaeth ynglŷn â phwy yw'r perchennog i'r person sydd yn berchen ar neu'n meddiannu'r tir. Felly, ni fyddant yn gallu cael eu digolledu naill ai drwy fynd â'r perchennog i'r llys, neu hawlio drwy yswiriant. Mae'n debyg, yn ôl y wybodaeth rwyf wedi ei chael, bod yswiriant yn dibynnu ar allu adnabod pwy oedd yn gyfrifol am wneud y difrod. Felly, gallai'r sefyllfa honno godi.

Llyr Gruffydd: I want to pick up, if I may, on some of the previous comments about compensating tenants, landowners or whoever is affected from that perspective. Just to be clear, a situation could arise where a local authority knows the owner of horses that have been abandoned, and goes to the owner to be compensated for the costs that it has accrued as a result of dealing with that situation, but because of data protection reasons could not release information about who the owner is to the landowner or those who reside on the land. So, they would not be able to be compensated by either taking the owner to court, or claiming it through insurance. According to the information that I have received, insurance depends on the ability to identify who is responsible for causing the damage. So, that situation could arise.

[352] **Alun Davies:** Nid ydym am newid y gyfraith yn ehangach na'r hyn rydym wedi disgrifio yn y fan hon.

Alun Davies: We do not want to change the law more broadly than we have described here.

[353] **Llyr Gruffydd:** Rwy'n gwybod, ond a ydych felly yn cadarnhau y gallai'r sefyllfa honno godi?

Llyr Gruffydd: I know, but are you confirming that that situation could arise?

[354] **Alun Davies:** Mae'n bosibl creu sawl senario gwahanol obeutu beth all ddigwydd pe bai pethau gwahanol yn digwydd. Nid wyf eisiau chwarae gormod gyda *hypotheticals* yn y fan hon. Rwyf eisiau trafod y ddeddfwriaeth sydd o'n blaenau. Yr

Alun Davies: There are a number of possible scenarios as to what could arise if certain circumstances were to arise. I do not want to deal with hypotheticals here too much. I want to discuss the legislation before us. What we cannot do and what I am unwilling to do at

hyn nid ydym yn gallu ei wneud a'r hyn nad present is to change the law more broadly
 wyf am wneud ar hyn o bryd yw newid y than is proposed here in this Bill.
 gyfraith yn ehangach na'r hyn rydym yn ei
 gynnig yn y fan hon.

[355] Fiona can correct me if I am wrong here, but we have not been asked to deliver legislation that does more than what we are delivering now.

[356] **Ms Leadbitter:** The point is that this legislation will provide a much quicker solution, whereas, under the Animals Act 1971, if you were in north Wales, you would have the animals there for 14 days with the notices posted. However, this allows landowners to go to local authorities and deal with the problem in a much quicker manner.

[357] **Alun Davies:** However, we have not been asked to deliver the sort of legislative changes that you are suggesting today. I do not have a problem in principle with those changes, as it happens and I sympathise with the points that you are raising. We will have an opportunity over the next two months to have further conversations about these matters. However, they have not been raised as part of the process of this legislation being developed.

[358] **Yr Arglwydd Elis-Thomas:** Diolch **Lord Elis-Thomas:** I thank the Minister for
 yn fawr i'r Gweinidog am ei ail his second appearance, and his officials in
 ymddangosiad, ac i'w swyddogion polisi ym relation to policy on horses.
 maes ceffylau.

12:40

Papurau i'w Nodi Papers to Note

[359] **Yr Arglwydd Elis-Thomas:** Mae **Lord Elis-Thomas:** I have the minutes of the
 gennyf gofnodion y cyfarfodydd a meetings held on 26 September and 2
 gynhaliwyd ar 26 Medi a 2 Hydref fel October as papers to note.
 papurau i'w nodi.

12:41

Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd o'r Cyfarfod

Motion under Standing Order 17.42 to Resolve to Exclude the Public from the Meeting

[360] **Yr Arglwydd Elis-Thomas:** **Lord Elis-Thomas:** I move that
 Cynigiad fod

*y pwyllgor yn penderfynu gwahardd y the committee resolves to exclude the public
 cyhoedd o weddill y cyfarfod, yn unol â Rheol from the remainder of the meeting, in
 Sefydlog 17.42(vi). accordance with Standing Order 17.42(vi).*

[361] Gwelaf fod y pwyllgor yn gytûn. I see that there is no objection.

*Derbyniwyd y cynnig.
 Motion agreed.*

Daeth rhan gyhoeddus y cyfarfod i ben am 12:41.

The public part of the meeting ended at 12:41.