



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

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

Dydd Mercher, 1 Chwefror 2012
Wednesday, 1 February 2012

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Cynnig o dan Reol Sefydlog 17.42(vi) i benderfynu gwahardd y cyhoedd o'r cyfarfod Motion
under Standing Order 17.42(vi) to resolve to exclude the public from the meeting

Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynndi yn y pwyllgor. Yn ogystal,
cynhwysir cyfieithiad Saesneg o gyfraniadau yn y Gymraeg.

These proceedings are reported in the language in which they were spoken in the committee.
In addition, an English translation of Welsh speeches is included.

Aelodau'r pwyllgor yn bresennol **Committee members in attendance**

Mick Antoniw	Llafur Labour
Yr Arglwydd/Lord Elis-Thomas	Plaid Cymru (Cadeirydd y Pwyllgor) The Party of Wales (Committee Chair)
Rebecca Evans	Llafur Labour

Russell George	Ceidwadwyr Cymreig Welsh Conservatives
Vaughan Gething	Llafur Labour
Julie James	Llafur Labour
William Powell	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
David Rees	Llafur Labour
Antoinette Sandbach	Ceidwadwyr Cymreig Welsh Conservatives

**Eraill yn bresennol
Others in attendance**

Dave Clarke	Cynghorydd Technegol, Dyfodol Cynaliadwy Technical Adviser, Sustainable Futures
John Griffiths	Aelod Cynulliad, Llafur (Gweinidog yr Amgylchedd a Datblygu Cynaliadwy) Assembly Member, Labour (the Minister for Environment and Sustainable Development)
Matthew Quinn	Cyfarwyddwr yr Amgylchedd a Datblygu Cynaliadwy Director, Environment and Sustainable Development
Nigel Reader	Ymgynghorydd Consultant

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

Alun Davidson	Clerc Clerk
Catherine Hunt	Dirprwy Glerc Deputy Clerk
Nia Seaton	Gwasanaeth Ymchwil Research Service

*Dechreuodd y cyfarfod am 9.49 a.m.
The meeting began at 9.49 a.m.*

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

[1] **Yr Arglwydd Elis-Thomas:** Bore da, a chroeso i'n sesiwn dystiolaeth olaf. Nid wyf yn gweld neb yn yr oriel gyhoeddus, ond yn amlwg mae'r rheolau arferol ynglŷn â diogelwch ac yn y blaen yn berthnasol. Mae un ymddiheuriad, oddi wrth Llyr Huws Gruffydd.

Lord Elis-Thomas: Good morning, and welcome to our last evidence session. I cannot see anyone in the public gallery, but obviously the usual rules regarding safety and so on are relevant. There is one apology, from Llyr Huws Gruffydd.

9.50 a.m.

**Ymchwiliad i'r Achos Busnes dros Un Corff Amgylcheddol—Tystiolaeth gan
Weinidog yr Amgylchedd a Datblygu Cynaliadwy**
**Inquiry into the Business Case for the Single Environmental Body—Evidence
from the Minister for Environment and Sustainable Development**

[2] **Yr Arglwydd Elis-Thomas:** Mae'n bleser croesawu Gweinidog yr Amgylchedd a Datblygu Cynaliadwy unwaith eto i'r pwyllgor. John, byddwn yn ddiolchgar pe baech yn cyflwyno eich tîm cryf, ynghyd â'ch cynghorydd annibynnol.

Lord Elis-Thomas: It is a pleasure to welcome the Minister for Environment and Sustainable Development to the committee once again. John, we would be grateful if you could introduce your strong team, as well as your independent adviser.

[3] **Gweinidog yr Amgylchedd a Datblygu Cynaliadwy (John Griffiths):** Diolch yn fawr, Dafydd. Bore da, bawb.

The Minister for Environment and Sustainable Development (John Griffiths): Thank you, Dafydd. Good morning, everyone.

[4] Immediately on my right is Matthew Quinn, who is our director in the Department for Environment and Sustainable Development. Dave Clarke is on Matthew's right, and he is with the programme team, having worked up the business case. On my left is Nigel Reader, who was the independent examiner of the business case.

[5] **Yr Arglwydd Elis-Thomas:** Ers inni gyfarfod y tro diwethaf, rydym wedi cael y ddogfen hon, felly dechreuaf gyda chwestiwn ar y ddogfen hon. A fydd cyhoeddi'r ddogfen hon yn gwneud gwahaniaeth i'r ymgynghoriad a'r ddadl ynglŷn â chael un corff amgylcheddol?

Lord Elis-Thomas: Since our last meeting, we have received this document, so I will start with a question on this document. Will publishing this document make a difference to the consultation and the debate on the single environmental body?

[6] **John Griffiths:** The history of the natural environment framework and the single environment body is very much intertwined; both have been taken forward in parallel. The two very much complement each other with regard to what we are trying to do around natural resource management in Wales. I hope that the publication of that document will add value to the consultation process, given that the two fit together very well.

[7] **Yr Arglwydd Elis-Thomas:** Fodd bynnag, oni fyddai'n bosibl dadlau bod uchelgais y safon rhyngwladol uchel a gynigir yn y Papur Gwyrdd hwn yn mynd ymhellach, efallai, na chapasiti'r hyn sydd wedi'i osod yn yr achos busnes ar gyfer dod â'r tri chorff at ei gilydd, yn yr ystyr bod hon yn neges i Gymru gyfan ac ar draws y Llywodraeth?

Lord Elis-Thomas: However, would it not be possible to argue that the ambition of achieving a high international standard that is proposed in this Green Paper goes further, perhaps, than the capacity set out in the business case for bringing the three bodies together, in that this is a message for the whole of Wales and across Government?

[8] **John Griffiths:** It is true to say that the two exercises—the policy development around the natural environment framework and the work around a single environment body—are not self-limiting. It is entirely true that the natural environment framework is very ambitious, and rightly so; it will hopefully put Wales at the forefront of progressive and good practice around the natural environment and how we safeguard and develop it and ensure that it is best used. This document stands on its own as an important policy direction and document. I accept what you say, Cadeirydd, that it should not be seen that the natural environment framework policy and the single environment body in any way restrict or

constrain one another.

[9] **Antoinette Sandbach:** Mr Reader provided his report to you on 9 November and, subsequently, on 18 November Forestry Commission Wales notified you of concerns that certain aspects of the business case had not been taken into account. Were you aware of those concerns that were expressed in the programme board meeting on 18 November, and did you pass them on to Mr Reader and ask whether or not he could undertake a further evaluation in light of those concerns?

[10] **John Griffiths:** I was aware of those concerns, and they were the subject of discussions between my officials and me. I understand that officials then had further discussions. Perhaps Nigel Reader could answer for himself as to his involvement.

[11] **Mr Reader:** I was certainly aware of Forestry Commission Wales's concerns. I was first advised of its concerns through the programme team, which I was working with, and I found it open and transparent throughout my review. I also had the opportunity to hear the concerns first-hand from the director of FCW during a telephone conference that I had with him in early October—on 5 October. That was a process that I repeated with CCW and the Environment Agency. I attended a meeting of the programme board on 31 October where some residual concerns were expressed by Forestry Commission, and also of the steering group on, I think, 17 November—you mentioned 18 November; it was one of those two days. Again, FCW's residual concerns were raised and were dealt with adequately.

[12] **Antoinette Sandbach:** However, having heard those additional concerns, you did not amend your review, which had been signed off on 9 November. What account have you taken of the potential cost implications of the break-up of Forestry Commission GB, and how that might impact on the case?

[13] **Mr Reader:** In relation to the concerns that were being expressed, there was not much coming through on 18 November that had not been made clear by FCW earlier in the process. I will be specific about some of the points around the human resources aspect of the business case, the costings and the assumed benefits. One point that was made was valid, namely that the training cost savings were optimistic, but having looked at that, there were also offsetting costs that had been provided for in the business case. I felt that the net overestimate of benefit was not material to the outcome of the business case, or the relativities of the options that were being considered. However, I did think that one point was valid.

[14] **Antoinette Sandbach:** Can you answer my question about Forestry Commission GB?

[15] **Mr Reader:** I did not take that into account fully at the point at which I produced my report and completed my contract.

[16] **Antoinette Sandbach:** Do you accept that, if you had, that may very well have changed the notional budgets?

[17] **Mr Reader:** It is certainly a point that I would have liked to have addressed more fully in my report. I do not believe it to be so significant that it would invalidate the business case in any way, even had I taken account of it.

[18] **Antoinette Sandbach:** So, you were aware of the cost.

[19] **Mr Reader:** I am aware of the fact that there are potential costs involved.

[20] **Antoinette Sandbach:** What do you estimate those at?

[21] **Mr Reader:** I have not estimated them. I said earlier in reply to your question that I did not take that into account in my review.

[22] **Vaughan Gething:** Moving on to the cost of this, I know that there are some legitimate questions about the various options, but in terms of how the overall cost is arrived at, and the financial element, is that a costing on the basis of business as usual or on the basis of actually achieving the natural environment framework, and working in a different way to how the agencies currently work?

[23] **John Griffiths:** It is looking at the work that the three bodies currently do, and how a single environment body would operate. There were various work streams looking at the work that the bodies do, and how that would be carried out by a single environment body. It is not based on new functions or responsibilities, or new roles; it is based on the existing duties that the three bodies had, but looking at it in the context of a single environment body. That work was broken down into the various work streams, and a programme team did a lot of detailed work around that, overseen by a programme board. There is a wealth of information that we could provide—rather more than you might want, in some ways. However, it is all there in the annexes and the underlying documentation. It is based on the work that is currently carried out by the three bodies.

[24] **Vaughan Gething:** We are looking for two slightly different things. The first is the money that you can save by bringing bodies together; and the second is how we deliver a different approach to the policy framework. It sounds like what you are saying is that the costings that have been drawn up reflect how the functions are drawn together in the merger, rather than a look ahead to how you will then go on to deliver the framework.

10.00 a.m.

[25] I appreciate that you said that it was about how you might deliver these different functions, but we are actually talking about quite a different way of doing business—the business of these different bodies. Is there going to be any update on what you expect to happen with the money if we were to work in these very different ways as set out in the natural environment framework consultation?

[26] **John Griffiths:** It is very much about integration. The rationale for the natural environment framework is very much about an ecosystem services approach, looking at what the natural environment can provide in the round in terms of sustainable development, and ensuring that we pull all that together and integrate it in deciding how we use our natural environment, how we protect it and how we take forward policy. The single environment body is obviously about that integration and that joined-up approach, so the two are complementary. It is about looking at how the single environment body would be integrated and joined up to deliver that ecosystem services approach. Therefore, it does very much factor in the new way of doing things that the natural environment framework proposes. That is why the two pieces of work have gone forward in tandem and in parallel.

[27] **Vaughan Gething:** On the point about a new way of working on the business case, how would you expect the body to operate with all of the different people—all the stakeholders—that currently deal with the three different bodies? They are quite disparate at the moment. I come back to the point about how you expect it to operate and how you expect it to be accountable in delivering what is a very different way of working.

[28] **John Griffiths:** We have some particular mechanisms around accountability in terms of transparency, such as publishing decisions and the assessments that fed into those decisions, which will be important in terms of accountability. However, I think that the three

bodies relate to and interact with the same stakeholders to quite a large extent—local government in Wales, the voluntary sector in Wales and business in Wales—because they are operational bodies as well as regulatory, managing and controlling bodies. Perhaps the disparities between the three that are sometimes perceived are not as great as many think. They very much cover the same sort of territory and do the same sorts of things. That is part of the case for greater efficiency because, obviously, where there is overlap and duplication in back-office functions, you can bring the three together and be much more efficient and save money, which can then be released for the front-line delivery of services. Obviously, there are issues with regard to stakeholders in the transition, and we want to ensure that each of the three bodies is very clear about its most important services and priorities, so that there is no diminution of the quality of service delivery during the transitional period.

[29] **William Powell:** I want to reiterate some of the concerns raised earlier about the costings for the Forestry Commission. It is really important to have a proper handle on the impact we can anticipate following disengagement from the wider Forestry Commission. Greater account must surely be taken of that. I also want to ask the Minister whether he has had the opportunity to consider the remarks made last week by the energy and environment sector panel chair, Kevin McCullough, who, in response to a question as part of our energy inquiry, expressed quite robustly his concerns, which are shared by some other members of that body, about the appropriateness of the Forestry Commission being fully integrated into this body without some additional account being taken of the specific commercial dimensions. If I may add a final question in this context, picking up on the issue of accountability that Vaughan Gething has just raised and to which you have responded in part, would there be a case for consideration to be given to the adoption of co-operative principles in terms of the commercial dimension of the forestry sector within a wider single body?

[30] **John Griffiths:** The consultation that we will launch on the single environment body this month will offer ample opportunity for you and many others to feed in views as to how it should be shaped and the functions that it should have. So, ideas about a co-operative solution for some of the Forestry Commission's activities could be put forward as part of that consultation, as could ideas about the issues around the culture of a single environment body. An important matter that many people have raised is the commercial acumen and activity of the Forestry Commission and its links with the timber industry in Wales. Many people see real advantages in bringing in that commercial aspect into a single environment body so that those strengths could be part of that body. So, an option would be to look at a co-operative solution, but another option might be to look at the wider commercial gains that might take place in keeping that activity in a single environment body. All of these are matters that can be considered as part of the consultation, and I look forward to many ideas coming forward.

[31] In terms of some of the other points that you made about the cost of the Forestry Commission aspects, I do not think that we accept some of the points made about trisection, namely that this will inevitably lead to the break-up of the Forestry Commission in terms of Scotland and England, because Wales is not that big a part of the overall operation in those terms. When you look at the figures regarding staffing and cost, I do not think that the idea that trisection would be triggered adds up. It is also the case that Scotland has its own policies in terms of taking forward development of its forestry activities separately. So, it is not as if what we are doing here cannot be put in that broader context of what other parts of the UK are proposing.

[32] The research budget held by the Department for Environment, Food and Rural Affairs for Forestry Commission GB is not a matter that is affected by the proposal for a single environment body. That budget is DEFRA-held at the moment—it has been cut recently by 30%—and it is held on a UK-wide basis. That is the case as things stand, and it would also be the case with a single environment body.

[33] **Mr Clarke:** We considered the trisection costs in bringing forward the figures. The business case includes provision for ongoing loss of economy of scale to Forestry Commission GB. If we took our share of an early trisection, the figures in the business case would be improved rather than made worse. So, we believe that the estimate is quite conservative in respect of dealing with that issue.

[34] **Julie James:** Good morning, Minister, and good morning everyone else. I very much welcome the consultation document that was launched recently, but I also want to know whether or not you can assuage a few of my worries on the subject. It is an excellent document, but it is a very radical way of looking at the environment, which I very much approve of, not that you need my approval. The transition to that way of thinking seems to be a big transition in and of itself, but put in the context of pulling three agencies together, which would be a major undertaking by anyone's standards, you have a conglomeration of different issues. You say, very aspirationally, although I hope that we can achieve this, that you will also look at simplifying the regulations, making them more streamlined, getting rid of some of the stuff that nobody likes, having more carrot and less stick, and all of those sorts of things. All of those are enormous cultural transformations. I have had the misfortune to live through two very large local government reorganisations, and I know that people start to look inwards and find their own job and build a little stack of filing cabinets around themselves so nobody can see that they are still employed and so on. What plan do you have in place for all of those cultural transformations and do you think this aspirational programme will be delivered? You have, for example, the vesting of the single environment body overlapping with the consultation on the sustainable development Bill and the planning White Paper. It is a very aspirational and laudable programme, but it is in the context of quite a lot of churn, which I am a bit worried about, I confess.

[35] **John Griffiths:** Those points are very well made, Julie. It is the case that there is an awful lot of work going on at the moment around the environment, and, as you say, planning and sustainable development. However, a lot of it has been in train for quite some time, so I think we have made quite a lot of progress already in terms of cultural change and change in thinking as well as change in structure and organisation. Nonetheless, it is very important, as you say, that the three bodies do not take their eye off the ball in terms of the vital delivery of services during a period of considerable change. Therefore, I have had meetings during which I have made it absolutely clear that I think there are many issues that we need to consider during this sort of transitional period to make sure that we are clear about what the vital services are that have to be delivered ever more effectively, around which there must not be any weakening of performance. So, my officials are working with the three bodies to ensure that we are all clear about that and that there is no diminution of quality of service.

[36] It is also the case that we are using the Public Bodies Act 2011 to take forward the merging of functions and the new body, and that will be on the basis of the existing responsibilities of those bodies. Further on, we might well look to Assembly legislation, such as the environment Bill for example, for how we might add to and supplement those duties and functions in line with the natural environment framework. However, that is further down the track, as it were, and I very much agree with you that, in the meantime, we have to ensure that we get on with business as usual and ensure that there are no problems with service delivery in this transition period. We will, of course, have a shadow body to help make this change, and, as you mentioned, in previous changes of this nature in Wales that has proven to be a valuable approach, although there are obviously always many issues. Nonetheless, it is an established way of managing transition and change.

[37] **Lord Elis-Thomas:** It is about time we heard from the architect.

[38] **Mr Quinn:** I do not know about that. It is a major cultural change; there is no question about that, in terms of the policy and the link to the body. That will be a challenge

for the shadow body and the leadership team going forward. What I take comfort in is the involvement that we have had throughout with the staff of the three organisations. They are, by and large, really excited about aspects of this work. So there are things that resonate for each of the staff groups. We have consciously done all the work so far jointly between the three staff groups, whether it is consultation sessions or workshops. People are nervous about their individual positions, pensions and all those sorts of things, but, when we get into the substance of making things better and managing natural resources better, they are all hugely motivated and really up for doing that sort of work. So I think that there is a very good platform to build on in terms of the cultures going forward.

10.15 a.m.

[39] **Julie James:** The other concern is outside stakeholders. There has obviously been a lot of work internally, but you have a lot of outside stakeholders looking at what is a fairly opaque position from their point of view; I am not saying that it is opaque internally. How do you plan to get those people on board? There are a whole series of perceptions out there, fair or unfair. I will give you a cartoon of one. The Chair asked me to say it in public, so I will take up his challenge. Many developers express the view that the Countryside Council for Wales is all about trying to get the best solution for the environment and about acting in an advisory capacity, and many developers find that to be a difficult process, because it is not certain, while the Environment Agency is very much about fining you once you have done the damage, if I can characterise it in that way. I know that that is a cartoon, but that is the perception in many developers' minds.

[40] Those are very different approaches. The new document, 'A Living Wales—a new framework for our environment, our countryside and our seas' takes a wholly different approach again, and a better one in my view. However, it will require a lot of change in terms of how stakeholders engage with the new body, and will affect where they get their advice, what sticks they might face, where the carrots are and so on. How will you engage with those stakeholders, because, without that engagement, this will not work, will it?

[41] **John Griffiths:** It is important to engage with stakeholders and the reference group was very useful in having that structured involvement of stakeholders so that they were properly informed and involved in the development of policy. We held a number of events. I attended one that the Institute of Welsh Affairs hosted. That was well attended by many stakeholders and there was a good exchange there in questions, answers and debate. However, we have to keep working at that.

[42] I met Confor, the Confederation of Forest Industries, a few weeks ago; both Confor and I were encouraged by the meeting because we discussed many of these matters and it became clear that some perceived differences between us did not in exist in reality. So, I think that, as we work through detail and make clear what is proposed, many stakeholders will be encouraged by what we intend to do.

[43] You are right about there perhaps being a caricature out there in relation to these organisations. For example, people say to me that the Environment Agency is about preventing things from happening, fining people, enforcement and so on, but it does a lot of work with communities on flood risk, for example, and it is operational in terms of building flood defences. So, it does things as well as preventing things from happening. It engages with communities.

[44] I have said many times since becoming an Assembly Member how impressed I have been by the breadth of what Forestry Commission Wales does. It is not just about timber production for industry, although that is very important. The recreational side of its activities, how it links into health programmes, community development and wider environmental

policy, has been a great success story.

[45] **Mr Clarke:** There are a number of opportunities early on in terms of shaping this. One is to have a single point of contact on planning permissions. That will be quite transformational, because you will have to give agreed, concerted advice. Getting different types of advice at different times from the bodies has been an issue. The aspiration that we have of simplifying the regulatory process and moving towards some kind of single permission or permitting system will again shape that. There is a real opportunity for the operational, practical knowledge of the bodies to help shape that as we move towards an environment Bill. So, we have this opportunity of two years' running of the system running with the aspirations set out in the natural environment framework. We can strengthen the Bill in 2015 with what we learn from that.

[46] **Julie James:** You mentioned permitting and planning, and one issue that we all know about is the mismatch between the permitting regimes and the granting or otherwise of planning consent. There have been a couple of spectacular examples recently that we all know about. Is there an aspiration to pull those two together, then?

[47] **Mr Clarke:** It is certainly an issue that we can look at, because we are developing these in parallel. So, we have the planning work going on at the moment, with the panel looking at how the system operates and issues around that. We now have the Green Paper, and one specific issue is what the appropriate interface is between the natural environment control systems and the planning system, whether we always have the right decision in the right place, and whether we are clear about how the two interface. Issues and difficulties remain where we are not the decision-making authority. I do not necessarily want to comment to that. However, in terms of where we are, we can look quite radically, potentially, at how we take that forward.

[48] **John Griffiths:** The First Minister is on record as wanting further devolution of consenting abilities and powers to the Welsh Government. The chronology of events in terms of development is sometimes very problematic. Permitting and environmental issues should be dealt with upfront, before development proceeds, but, at the moment, matters are outwith our control to some extent, and those are issues that we need to address.

[49] **Mr Clarke:** You mentioned the challenge of bringing the three bodies together, which is a significant challenge. However, it is important to recognise that if we want to take a radically different approach forward in Wales, it would be difficult to do that in a situation where at least one, and arguably two, of the bodies are focused on national, i.e. England and Wales, or UK policies.

[50] **Lord Elis-Thomas:** We tend to use the word 'national' differently, as you can imagine. [*Laughter.*]

[51] **Mr Clarke:** Absolutely, that was a bad choice of phrase. Nevertheless, the point is sound. If you have policies that are set on an England-and-Wales basis it is very hard to take a radically different approach. Also, although there is a big challenge in creating the new organisation, there is an opportunity to do things very differently. There will be an opportunity to change and look at your priorities afresh.

[52] **Lord Elis-Thomas:** That is very much reflected in this document, within the international context, which is why I love it so much.

[53] **Russell George:** I want to ask you about a specific issue in the business case, under annex 8, 'Benefit calculation for each short listed option'. In that section it is stated:

[54] ‘The information presented relies solely on the reports produced by the workstreams in their consideration of a merger of EAW, CCW & FCW to form one body.’

[55] The following is the specific point that I want you to expand on:

[56] ‘Neither the workstreams, nor this exercise has actually given any consideration to how mergers of only two of the three bodies would practically work or what benefits they could actually deliver. The figures provided for benefits delivered by merging only two bodies are deduced by separating out the benefits of a three way merger into constituent bodies and then summing accordingly.’

[57] **John Griffiths:** Dave, I think that this one is for you.

[58] **Mr Clarke:** The benefits figures in the report were based on 12 individual work streams. So, basically, we broke the work of the organisations into 12 blocks. Each of those work streams were examined by a team that comprised members of all three organisations. Those teams came forward with recommendations and a report identifying what they believed the future cost of provision would be under a three-body scenario, as compared with the baseline situation. So, effectively, all of the benefits numbers, in terms of the three-body option in the report, were brought forward by practitioners, by members of the three bodies, signed off by each of the working groups in each case, and then brought to the programme team. With the exception of the HR item that we previously referred to, they were then signed off by the relevant CEOs or directors of the organisations involved.

[59] For the two-body options, what we did was to look at the three-body scenario and, effectively, backcast those figures to get the two-body situation. My view, and I think the view of the programme board, was that the benefit figures that we have put in the business case are quite conservative because of the nature of the process and the need to get assent throughout the process. Both the three bodies’ figures and the two bodies’ figures were agreed by the three organisations involved. Possibly, Mr Reader could add to that, because I think that he reviewed the process.

[60] **Mr Reader:** Thanks, David. I agree that that is exactly how it happened. My approach to reviewing the business case was to subject it, its annexes and the key supporting documentation to a rigorous review. I tested the underlying processes and cross-examined the key personnel—David and the rest of the team. The rigour and quality of their contribution determined the robustness of the business case. I was happy with the calibre of the people I was dealing with. I looked for evidence to support the key assumptions and estimates, and for the checks and balances in the process that gave rise to them. I also applied my own tests of reasonableness, which are based on my experience and expertise—hopefully, Members will have a copy of my CV.

[61] Once the business case financials were sufficiently settled—the business case was being developed when I started my process of scrutiny—I subjected them to a full and detailed examination. I was assisted in that by Rob Bell, who is the programme team’s co-opted financial expert. This was quite a rigorous process; I reviewed the key underpinning assumptions for the four options and their translation into financial estimates, both costs and benefits. I then followed the audit trail through Rob’s spreadsheets to the various line entries and text in the business case. As a key component of that stress testing, I sought, and secured, assurance in respect of the margin between option 4, which is for the single environmental body, and options 2 and 3, which are for the two-body combinations. Option 2 has the second-best net present value benefit, and it received my particular scrutiny. That process enabled me to provide the director general for sustainable futures, as the relevant accounting

officer, with assurance that the margin between option 4 and the other options, and option 2 in particular as the next best, is, in my opinion, fairly and reliably stated in the business case.

[62] **Russell George:** I have no further questions at the moment. Thank you, Chair.

[63] **Lord Elis-Thomas:** This will be your only moment.

[64] **Russell George:** That is fine.

[65] **Lord Elis-Thomas:** By that, I do not mean generally, but this morning. [*Laughter.*]

[66] **Russell George:** Thank you, Chair.

[67] **Lord Elis-Thomas:** After I said it, it sounded a bit final. [*Laughter.*] Rebecca Evans is next.

[68] **Rebecca Evans:** Dave Clarke spoke about the England-and-Wales and UK contexts of this work, so I would like to pursue some of the cross-border issues that we have been looking at as a committee. Certain types of environmental expertise will inevitably remain outside Wales, including legal, technical, scientific and industry sector expertise. What discussions have you had with Ministers in the UK and in Scotland about how charging for the specialist services that are not available in-house in Wales would work?

[69] **John Griffiths:** I have had general discussions with ministerial colleagues about the single environment body, but they did not get into the detail of charging for specialist services. Those discussions have taken place at an official level, so perhaps I could ask Matthew to go into the detail for you.

[70] **Mr Quinn:** Both the Environment Agency and Forestry Commission GB have their own programmes facing our programme, so that they are managing their input. The work with the EA is particularly advanced. We are pretty clear on the range of costs involved for things that we want to continue, on the charging for the number of staff that would transfer, and those sorts of detailed issues. They are all well within the ambit of the figures that we have assumed to date. At a slightly earlier stage is the Forestry Commission GB programme—it is just starting. It has a programme manager in place, and we had a full discussion with him this week. So, the business case so far has identified the areas where we are working together.

10.30 a.m.

[71] As Dave mentioned, we have allowed for funding in the business case for transition for the Forestry Commission to be able to support us with such things as the IT links that we would need, and those sorts of areas. So, it looks very promising in terms of getting official sign-off for the sort of figures we have been talking about. There have been no surprises so far.

[72] **Rebecca Evans:** The business case refers to goodwill and common sense being a key to sorting out these issues of charging. What happens if goodwill and common sense do not prevail? Do you have contingency plans to formalise that arrangement?

[73] **John Griffiths:** Thankfully, now that we have a devolved UK—

[74] **Lord Elis-Thomas:** Not quite; there is also England. [*Laughter.*]

[75] **John Griffiths:** Well, now that we have devolution within the UK, thankfully, there is a great deal of experience building up in dealing with these sorts of issues, and there are

various understandings and arrangements in place. It has become fairly familiar territory, I guess, in terms of ministerial and official-level discussions. I therefore think that we can say with a great deal of confidence that there is goodwill and the understanding that, under devolution, Wales has the ability and the right, as it were, to take these sorts of developments forward, and that these have to be accommodated by other administrations in the UK, because that is the nature of devolution in the UK. So, I think that we can say with some confidence that the fears there would be obstruction and a lack of goodwill will not feature in this process.

[76] **Lord Elis-Thomas:** Antoinette Sandbach; round 2.

[77] **Antoinette Sandbach:** Thank you very much, Chair.

[78] I want to deal with some of the transparency issues with regard to decision making under the single environment body, and with conflicts of interest. For example, the Forestry Commission owns land in strategic search areas that may well go forward for windfarm development. What provisions will you make, so that members of the public, in looking at this body, do not feel that it is a bit of a stitch-up if it consents to windfarms on land that it owns and it has that all in-house? How will you provide the appropriate degree of oversight and supervision and the separation of interests?

[79] **John Griffiths:** I mentioned earlier that we have proposed that decisions be published, and not just the decisions themselves, but the process that led to them, including assessments. I think that that is an important statement of principle, that there will be that level of transparency and openness to allow stakeholders and the general public to follow that vital decision-making process and understand what was involved.

[80] At the moment, of course—Antoinette Sandbach has raised this on numerous occasions—there is windfarm development on Forestry Commission land. That has taken place and it is taking place. With many of the issues of a single environment body, whether it is a Chinese wall structure in terms of separation of particular decision-making functions within the body or whether certain decision-making functions are pulled out of a single environment body, perhaps to the Welsh Government, whatever mechanism is used, it is perfectly possible to deal with the issues, and the consultation will allow views and ideas to be expressed. However, many of these issues are there now within the three bodies as currently constituted, so we are not dealing with anything novel here.

[81] **Antoinette Sandbach:** Clearly, the Environment Agency and CCW are separate from the Forestry Commission at the moment. You are talking about bringing all three together. Are you saying that, at the moment, you have no view one way or the other on how you wish to achieve those Chinese walls or that degree of accountability and separation?

[82] **John Griffiths:** I have said that these matters currently exist within the three individual bodies and are dealt with effectively. With a single environment body, there could be a Chinese wall structure, and there might be a role for Welsh Government, but these are matters that can be dealt with and will be dealt with in the consultation. We have our clear ideas, but we are open to consultation responses, and, obviously, I would not want to pre-empt the consultation process in deciding matters now that are within the province of that process.

[83] **Mr Quinn:** These are specific issues that have been raised throughout the process, so these will be covered fully in the consultation in terms of the proposition, and we will seek views on the strength of the proposition. Previously, we have talked in other consultation papers about ensuring that the basis of decision making is as transparent as possible. An issue that was raised earlier was the difference between conservation advice and the regulatory

decision, and our clear view to date has been that that is better done as a single piece of work, but that the basis of that advice is completely published and transparent. A risk of having too many separations is that you will lose the benefits of bringing teams together to work towards a common purpose. We accept that there will be areas, particularly with regard to some of the commercial decisions, where we will need some separation of function. However, by and large, the consultation paper will suggest that we best achieve what we are trying to do, as set out in the Green Paper, by having teams working together, bringing their expertise together and addressing questions up front.

[84] **Lord Elis-Thomas:** We have, in fact, taken some evidence and have some correspondence, which will be published with our energy and planning report, on the matter of the celebrated case of Pembroke power station. So, we are aware of this, and there have been lessons learned for us as a committee, in the way in which we will look at this in our report.

[85] **Mick Antoniw:** I have a few questions on governance. We have had some robust evidence that a lot of this will, ultimately, boil down to the quality of leadership and the inclusiveness of the new corporate body. I will ask the two or three questions that I wanted to ask together because they interlink. First, what is your thinking on the new body and its structure? How could it accommodate the various interests that exist and be robust? How does that interact at Government level, because responsibility is spread over a number of ministerial portfolios? Has there been any thought at Government level about the accountability and the measurement of performance and achievement, particularly during the transitional period? There is some quite robust evidence that, once you have started the process, you have to move much more quickly and that the actual transitional period is far too long and will begin to become self-defeating after a period of time. Will you expand on your views on that?

[86] **John Griffiths:** First, with regard to the transition period, it is quite a demanding time frame to have the new body vested by April of next year; it is a big ask. Obviously, a lot of work is already taking place to ensure that we follow that timescale. I think that it would be difficult to achieve transition in a shorter time frame than that. The consultation will invite views on all of the matters you mentioned, Mick. With regard to the governance arrangements for the new body, we have envisaged a board, which is a well-established mechanism as part of governance structures. Ministerial remit letters are another established means of governance arrangements in ensuring that the relationship between Government and strategic priorities is strong in the work that a particular body does. Again, I would not want to preempt or constrain the consultation process. I very much look forward to views coming forward as to what the best arrangements are.

[87] **Mick Antoniw:** Do you envisage that there will be a need to publish ongoing statements as to the progress that is being made? It is an ongoing consultation process. Even once we enter the transitional period, there needs to be evaluation and measurement. What sort of measurement system do you have to evaluate how the problems are being overcome and how targets are being achieved?

[88] **John Griffiths:** We have brought the two bodies of work together in terms of the natural environment framework and the single environment body within the Welsh Government. A programme team is now getting on with that work and ensuring that we properly understand the stages involved and how we ensure that we are on track. That is very important indeed. Putting the shadow body in place will represent a significant development in ensuring that the transition proceeds as smoothly as possible and that there are no real issues with the work that needs to take place. So, we have the structures in place that build on the work that has already happened.

[89] Nonetheless, it is important that we communicate effectively and we would want to have a communications strategy that provides regular updates on the work taking place. There will be important developments, such as the shadow board and the transition process. It is also important that the three bodies communicate effectively with their staff regarding the change that is taking place. So, I entirely accept that we have to ensure that we have everything in place that is necessary to deal with those issues. Matthew might like to add something.

[90] **Mr Quinn:** Within the programme, we have a benefits and change manager sitting alongside the programme manager to ensure that we track through the benefits that the different projects within the programme are identifying. So, we will have that to test it. It might be worth pointing out that any new Welsh Government-sponsored body is subject to two years of specific examination by the Wales Audit Office. There is quite a formal process now for scrutinising the progress of the body over that period, so there will be an opportunity for either this committee or the Public Accounts Committee to be involved with that, I am sure.

[91] **William Powell:** I have a couple of questions on governance and communications. One issue that has come increasingly to the fore is the desirability of the webcasting of the board meetings of various organisations. The Petitions Committee currently has before it a petition regarding the webcasting of public authority meetings, but the issue has been raised with regard to local authorities and national parks. I wonder whether a commitment to the webcasting of any sessions of the body—both the transitional body and the new body—would be of use in helping to ensure communications with staff, who will be spread across Wales, and also interested members of the general public. I realise that there would be occasions when that would be inappropriate, particularly when issues of sensitivity are being addressed, but I want to hear your comments about whether an in-principle commitment to that kind of approach would be useful for internal and external communications.

[92] **John Griffiths:** We want to be as open and transparent as possible and we would want that, by extension, to apply to the single environmental body. So, we are very much open to ideas, and those sorts of issues are natural areas for the consultation process, are they not? If views are fed in as part of the consultation as to how transparency and openness can be maximised and most firmly embedded, they can be considered as part of that process.

[93] **David Rees:** I want to return to the governance issue, and I want to look at the transition period and the final product. As you have mentioned, you feel that it is a tight timescale, but we have a tighter timescale between now and the creation of the shadow board and there is a consultation on its governance. What consideration was given prior to the creation of the business case as to the future governance of the single body, because, as we go through the transition, surely the new shadow board should be looking at how it is going to operate the new governance procedures, to ensure that the transition at the end of that 12 months is very smooth and that you are taking those people through in that 12 month period?

10.45 a.m.

[94] I would hate to think that you are now looking at the governance procedures between now and April of this year to get them ready. What view was taken beforehand as to how those will actually fit into the single environment body?

[95] **John Griffiths:** I will bring Dave in, but it was considered how that transition could most effectively be made and how the handover would take place as it were, namely getting the shadow body in place and the period up to that, and then how the shadow body would relate to the three bodies as they currently exist in the period before the single environment body comes into being. So, that has been considered and it is part of the process, but Dave or Matthew may be able to give a bit more detail on exactly how that will work.

[96] **Mr Clarke:** There are two sets of governance involved in this. At the present time, we have programme governance that is organising the work streams and overseeing the work that is going on; essentially at this point, it is led by the Welsh Government. However, as we move towards the new body, bringing in a shadow body and then the full body, we have to pass work streams across from programme governance into ownership by the shadow body and then the body. So, we considered that in some detail; there is an annex in the business case that describes a lot of those issues. Clearly, as the Minister said, the timetable is challenging in respect of a couple of issues, not least the timetable for legislation because of the need to ensure proper scrutiny, but, essentially, we have recognised those issues. We have looked at past examples of best practice and previous NAO reports on the subject, and we try to learn those lessons in terms of the plans that we have set out for the change.

[97] **Mr Quinn:** There is a very clear process in terms of handing over the programme work, in terms of closing and transferring programmes. I will also be chairing the first meeting of the transition group, which includes the chief executives of existing bodies and the non-executives who have been involved with the programme so far. It will look at the process of change for them through this period and how we will manage the relationship between the programme, the new body and the legacy bodies. That will be an important part of the glue in that process of change that you were talking about.

[98] **Yr Arglwydd Elis-Thomas:** Diolch yn fawr. Mae gen i ddau gwestiwn cyn gorffen. Yn gyntaf, bydd y Gweinidog yn gwybod am fy hoffter mawr tuag at y cyd gorff cadwraeth a elwir fel arfer yn JNCC, sy'n cynrychioli cenhedloedd y Deyrnas Unedig. Dyma efallai'r unig enghraifft o gorff ffederal teg a chytbwys yn y Deyrnas Unedig, a charwn gael sicrwydd bydd y corff hwnnw yn parhau i fodoli, ac efallai'n cael mwy o swyddogaethau. Ynghlwm wrth hynny, fel cyn-gadeirydd Bwrdd yr Iaith Gymraeg, un o'r pethau roeddwn bob amser yn ceisio eu datblygu oedd cyrff cyhoeddus oedd yn gallu gweithio'n ddwyieithog yn fewnol. Rwy'n gwybod bod hynny'n wir am Gyngor Cefn Gwlad Cymru oherwydd rwyf wedi cael llawer i wneud ag e. Beth fydd statws cynllun iaith y corff newydd, neu beth bynnag fydd y drefn o ran dwyieithrwydd erbyn hynny?

Lord Elis-Thomas: Thank you very much. I have two questions before we conclude. First, the Minister will be aware of my great liking for the joint conservation body, usually called the JNCC, which represents the nations of the UK. This may be the only example of a fair and balanced federal body within the UK, and I would like an assurance that that particular body will continue to exist, and will perhaps have greater functions. Linked to that, as a former chair of the Welsh Language Board, one of the things that I always tried to develop was public bodies that were able to work internally in a bilingual way. I know that that is true of the Countryside Council for Wales because I have had many dealings with it. What will be the status of the language scheme of the new body, or whatever system will be in place in terms of the bilingualism by then?

[99] **John Griffiths:** I am very much committed to continuing the federal approach around nature conservancy work in the UK, Dafydd, and everything that we do around the natural environment framework, and the single body, will look at the wider picture. You were right in stating earlier that there is a very strong international dimension to the natural environment framework, what we are doing and what is happening elsewhere, and we would very much want to factor those considerations into developments. It has been raised with me by various people that the Countryside Council for Wales has a very good Welsh language policy, which might usefully inform a new single environment body. I have been quite clear in saying that whatever the particular strengths of any of the three individual bodies, we would not want to lose any of them or see any of them diminished in any way in a new single body. That obviously applies to Welsh language provision as to other aspects. Inevitably, there may be questions of cost involved that would have to be dealt with. However, in

principle, I am very keen that we have the highest standards of Welsh language policy for the new single body.

[100] **Lord Elis-Thomas:** It goes well with biodiversity and environmental issues in my book. Thank you very much for that.

[101] Diolch yn fawr i'r pedwar ohonoch Thank you very much to the four of you for
am y dystiolaeth. your evidence.

[102] There may be some questions that we will want to write to you on, and we will try to get back to you as soon as possible in order to inform the ongoing consultation. Thank you very much.

[103] **John Griffiths:** Diolch yn fawr, **John Griffiths:** Thank you very much,
Gadeirydd. Chair.

10.51 a.m.

**Cynnig o dan Reol Sefydlog 17.42(vi) i benderfynu gwahardd y cyhoedd o'r
cyfarfod**
**Motion under Standing Order 17.42(vi) to resolve to exclude the public from the
meeting**

[104] **Yr Arglwydd Elis-Thomas:** **Lord Elis-Thomas:** I move that
Cynigiaf fod

y pwyllgor yn penderfynu gwahardd y cyhoedd o weddill y cyfarfod yn unol â Rheol Sefydlog Rhif 17.42(vi). *the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order No. 17.42(vi).*

[105] Gwelaf fod y pwyllgor yn gytún. I see that the committee is in agreement.

Derbyniwyd y cynnig.
Motion agreed.

Daeth rhan gyhoeddus y cyfarfod i ben am 10.51 a.m.
The public part of the meeting ended at 10.51 a.m.