

# Agenda – Climate Change, Environment, and Infrastructure Committee

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Meeting Venue:

Hybrid: Committee room 4 Tŷ Hywel  
and video Conference via Zoom

Meeting date: 16 March 2023

Meeting time: 09.30

For further information contact:

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Committee Clerk

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**Private pre-meeting (09.15–09.30)**

**Public meeting (09.30–12.40)**

**1 Introductions, apologies, substitutions, and declarations of interest**

(09.30)

**2 Decarbonising the public sector – briefing from the Auditor General for Wales**

(09.30–10.15)

(Pages 1 – 48)

Adrian Crompton, Auditor General for Wales

Stephen Lisle, Audit Manager – Audit Wales

Sian Davies, Senior Auditor – Audit Wales

Attached Documents:

Research brief – Public sector decarbonisation

Audit Wales report – Public Sector Readiness for Net Zero Carbon by 2030 – July 2022

**Break (10.15–10.30)**



### **3 Decarbonising the public sector – evidence session with the Welsh Local Government Association (WLGA)**

(10.30–11.30)

(Pages 49 – 51)

Cllr Andrew Morgan – Leader of the Welsh Local Government Association, and Leader of Rhondda Cynon Taf County Borough Council

Cllr Mary Ann Brocklesby, Spokesperson on Climate Change, Welsh Local Government Association, and Leader of Monmouthshire County Council

Attached Documents:

Paper – Welsh Local Government Association (WLGA)

### **Break (11.30–11.40)**

### **4 Decarbonising the public sector – evidence session with the NHS Wales Shared Services Partnership (NWSSP)**

(11.40–12.40)

(Pages 52 – 59)

Neil Davies, Director, Specialist Estates Services – NHS Wales Shared Services Partnership

Jonathan Irvine, Director of Procurement Services – NHS Wales Shared Services Partnership

Tony Chatfield, Head of NHS Wales Supply Chain, Logistics & Transport – NHS Wales Shared Services Partnership

Craig Morgan, Environment and Facilities Management Advisor, Specialist Estates Services – NHS Wales Shared Services Partnership

Attached Documents:

Paper – NHS Wales Shared Services Partnership (NWSSP)

### **5 Papers to note**

(12.40)

## **5.1 Welsh Government Draft Budget 2023–24**

(Pages 60 – 85)

Attached Documents:

Welsh Government response to the Committee's report on the Welsh Government Draft Budget 2023–24

## **5.2 Provisional common framework for resources and waste**

(Pages 86 – 89)

Attached Documents:

Letter from the Chair to the Minister for Climate Change in relation to the provisional common framework for resources and waste

## **5.3 The Packaging Waste (Data Collection and Reporting) (Wales) Regulations 2023**

(Pages 90 – 91)

Attached Documents:

Letter from the Minister for Climate Change to the Chair of the Legislation, Justice and Constitution Committee in relation to The Packaging Waste (Data Collection and Reporting) (Wales) Regulations 2023

## **5.4 UK Emissions Trading Scheme**

(Pages 92 – 93)

Attached Documents:

Letter from the Minister for Climate Change to the Chair in relation to the finalised Framework Outline Agreement for the UK Emissions Trading Scheme

## **5.5 Flood Risk Management in Wales**

(Page 94)

Attached Documents:

Letter from the Chair of the Public Accounts and Public Administration Committee to the Chair in relation to Flood Risk Management in Wales

## **5.6 Bus services**

(Page 95)

Attached Documents:

Letter from the Head of the National Federation of Women's Institutes (NFWI) Wales to the Chair in relation to bus services

- 6 Motion under Standing Order 17.42 (vi) and (ix) to resolve to exclude the public from the remainder of today's meeting (12.40)**

**Private meeting (12.40–13.00)**

- 7 Decarbonising the public sector – consideration of evidence received**

- 8 The Environment (Air Quality and Soundscapes) (Wales) Bill – consideration of approach to stage 1 scrutiny**

(Pages 96 – 105)

Attached Documents:

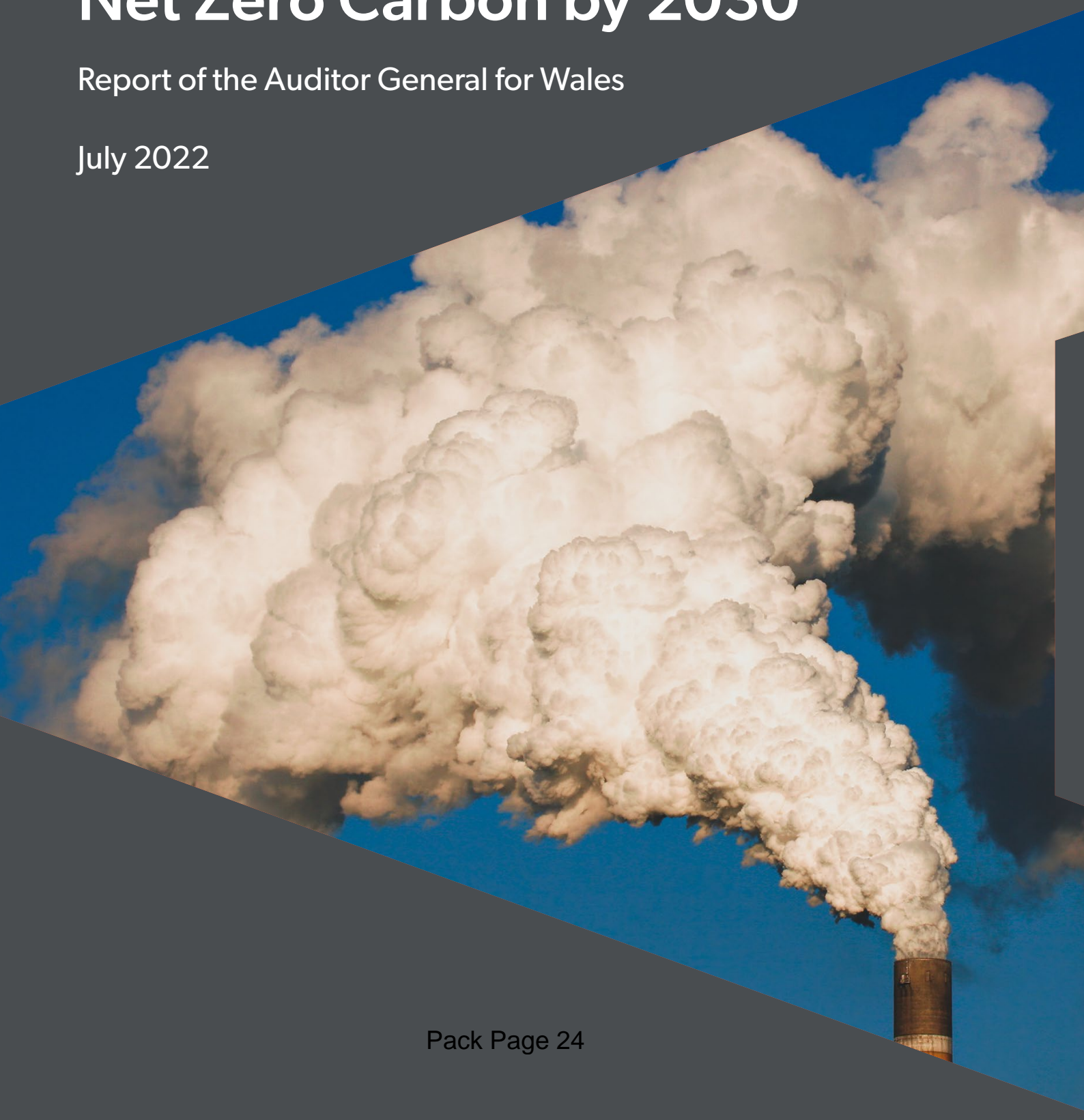
Paper – Approach to scrutiny of the Environment (Air Quality and Soundscapes) (Wales) Bill

Document is Restricted

# Public Sector Readiness for Net Zero Carbon by 2030

Report of the Auditor General for Wales

July 2022



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Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

Exhibit 2 of this report was amended on 9 August 2022 to correct a minor error.

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# Detailed report

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## Background

- 1 Climate change is one of the world's defining challenges and it requires immediate action from everyone. A landmark [report](#) by the United Nations in August 2021 said that human activity is changing our climate in unprecedented ways and that drastic reductions in carbon emissions are necessary.
- 2 The latest climate projections for Wales show an increased chance of milder, wetter winters and hotter, drier summers, rising sea levels and an increase in the frequency and intensity of extreme weather events. The implications are clearly stark.
- 3 A crucial way to mitigate the impacts of climate change is to reduce carbon emissions. In March 2021, following advice from the Climate Change Committee<sup>1</sup> in December 2020, the Welsh Government set new [targets](#) for a 63% carbon reduction by 2030, an 89% reduction by 2040, and a 100% reduction by 2050<sup>2</sup>. In addition, the Welsh Government set out a more challenging collective ambition for the Welsh public sector<sup>3</sup> to achieve net zero carbon by 2030 (the 2030 collective ambition).
- 4 In June 2021, the Welsh Government published its [Programme for Government 2021-2026](#) which puts tackling the climate and nature emergencies at the heart of the new government. The Programme for Government also makes a series of commitments to embed a response to climate change in everything the Welsh Government does.

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1 The Climate Change Committee (CCC) is an independent, statutory body established under the Climate Change Act 2008. Its role is to advise the UK governments on emissions targets and to report on progress made in reducing greenhouse gas emissions and preparing for and adapting to the impacts of climate change.

2 Net zero does not mean eliminating greenhouse gas emissions but balancing the greenhouse gas emissions with the amount of gases being removed from the atmosphere.

3 The Welsh Government's definition of the 'public sector' in this case covers 65 bodies as set out in Appendix 2 of the [Welsh Government, Public sector net zero data: baseline and recommendations, June 2022](#).

- 5 The Welsh Government has also published Net zero carbon status by 2030: A route map for decarbonisation across the Welsh public sector (the public sector route map) to support the Welsh public sector in achieving the 2030 collective ambition. Alongside the public sector route map, the Welsh Government published the net zero reporting guide and associated spreadsheet to allow the public sector to capture and report emissions on a consistent basis.
- 6 The Auditor General has committed to carrying out a long-term programme of work on climate change. Our first piece of work is a baseline review that asks: '**How is the public sector preparing to achieve the Welsh Government's collective ambition for a net zero public sector by 2030?**'. To inform the baseline review, 48 public bodies, including the Welsh Government, completed a call for evidence. **Appendix 1** explains our audit approach and methods.
- 7 We are publishing two reports to share our findings:
  - **this key findings report:** this report targets senior leaders and those with scrutiny roles in public bodies, with the aim of inspiring them to increase the pace of their work on achieving the 2030 collective ambition. We have included questions at the end of each section of this report for organisations to reflect on. While these questions are not exhaustive, they provide important pointers for organisations to consider.
  - **evidence report – to follow:** a report that will provide more detailed findings and data from the call for evidence and our wider work.

## Overall conclusion

- 8 There is clear uncertainty about whether the public sector will meet its 2030 collective ambition. Our work identifies significant, common barriers to progress that public bodies must collectively address to meet the ambition of a net zero public sector by 2030. And while public bodies are demonstrating commitment to carbon reduction, they must now significantly ramp up their activities, increase collaboration and place decarbonisation at the heart of their day-to-day operations and decisions. Organisations need to be bold and innovative and share experiences of their successes and failures. The Auditor General will not criticise organisations for taking well-managed risks to address this unprecedented challenge.
- 9 We have set out five calls for action for organisations to tackle the common barriers to decarbonisation in the public sector. These are:



- 1 Strengthen your leadership and demonstrate your collective responsibility through effective collaboration



- 2 Clarify your strategic direction and increase your pace of implementation



- 3 Get to grips with the finances you need



- 4 Know your skills gaps and increase your capacity



- 5 Improve data quality and monitoring to support your decision making

- 10 We are not making specific recommendations given the high-level nature of our review. However, we encourage public bodies to consider the messages in this report, and through their internal governance structures, set out publicly how they intend to respond to the calls for action.

## Calls for action



### **Strengthen your leadership and demonstrate your collective responsibility through effective collaboration**

- 11 The Welsh Government showed leadership when it declared a climate emergency in 2019. Many of the other public bodies have followed suit, for example, 18 out of 22 Welsh councils have now declared a climate emergency.
- 12 The Welsh Government also demonstrated leadership when it set the 2030 collective ambition and in May 2021 when it established a new Ministerial portfolio for climate change. A related change to the Welsh Government's organisational structure came into effect from 1 April 2022.
- 13 We have found considerable activity by public bodies, supporting the move towards decarbonisation. So, public bodies are clearly taking this agenda seriously.
- 14 Despite this, they must do more because there is considerable uncertainty (and clear doubt from some organisations) about whether the 2030 collective ambition will be met. In the NHS, we found uncertainty that even a 34% reduction in emissions would be achieved across that sector<sup>4</sup>. Bodies told us about significant barriers to progress in decarbonising, such as difficulties in translating strategy into action, uncertainty about finances, a lack of skills and capacity, and issues with decarbonisation data. These matters are discussed throughout this report.
- 15 Now is the time for bold leadership. Public bodies must reduce carbon emissions from their estates, from their services, and from the goods and services they procure. On top of that, they must adopt a wider leadership role in championing the decarbonisation agenda in all sectors within the communities they serve to work towards a 'just transition'<sup>5</sup>.
- 16 Public bodies will need to demonstrate stronger collective leadership because collaboration between organisations will be critical to achieving the 2030 collective ambition. Some respondents told us that a wholesale change of thinking is required, with a more co-ordinated and joined-up approach across the public sector.

4 The NHS Wales Decarbonisation Strategic Delivery Plan sets out 46 initiatives that are estimated to reduce carbon emissions by 34% by 2030.

5 A 'just transition' means taking action on climate change and greening the economy in a way that is as fair and inclusive as possible to everyone concerned. Policy 1 in [Net Zero Wales Carbon Budget 2 \(2021-2025\)](#) sets out the Welsh Government's views on a just transition.

- 17 Several cross-organisational panels and programme boards already exist to collaborate on climate issues including decarbonisation. And while public bodies expressed largely positive views about the way they are collaborating, there was also recognition that these efforts need to be ramped up. There is a collective responsibility on the public sector to make existing structures work. Public bodies also need to consider what additional collaboration is needed within sectors and across the public sector.
- 18 Senior leaders must do more to demonstrate they fully grasp the urgency and scale of the challenge and clearly identify this as a top priority for their organisation if they are to achieve their ambitions. Decarbonisation (and wider climate risks) must be at the core of day-to-day business decisions and operations. This agenda must be integrated into all services and operations, so that decarbonisation is delivered alongside other outcomes.
- 19 The frameworks provided by the Well-being of Future Generations (Wales) Act 2015 (including public services boards and the setting of well-being objectives) can be used to help organisations decarbonise. Application of the sustainable development principle in key areas such as procurement, workforce planning and finance will also help delivery of the decarbonisation agenda.
- 20 Those charged with governance and scrutiny roles in individual organisations need to support the direction of travel while at the same time challenging whether enough is being done.

### **Questions that senior leaders and those who scrutinise them may want to ask**

- Are we treating the climate crisis and the need to decarbonise as a real 'emergency'?
- Can we demonstrate that decarbonisation is at the core of day-to-day business decisions and operations?
- Is the urgency and scale of the challenge well communicated by senior leaders and understood throughout our organisation?
- Do we have specific and effective scrutiny and governance arrangements for managing the journey to net zero?
- Do we understand the main barriers to progress and how well are we collaborating to overcome them?

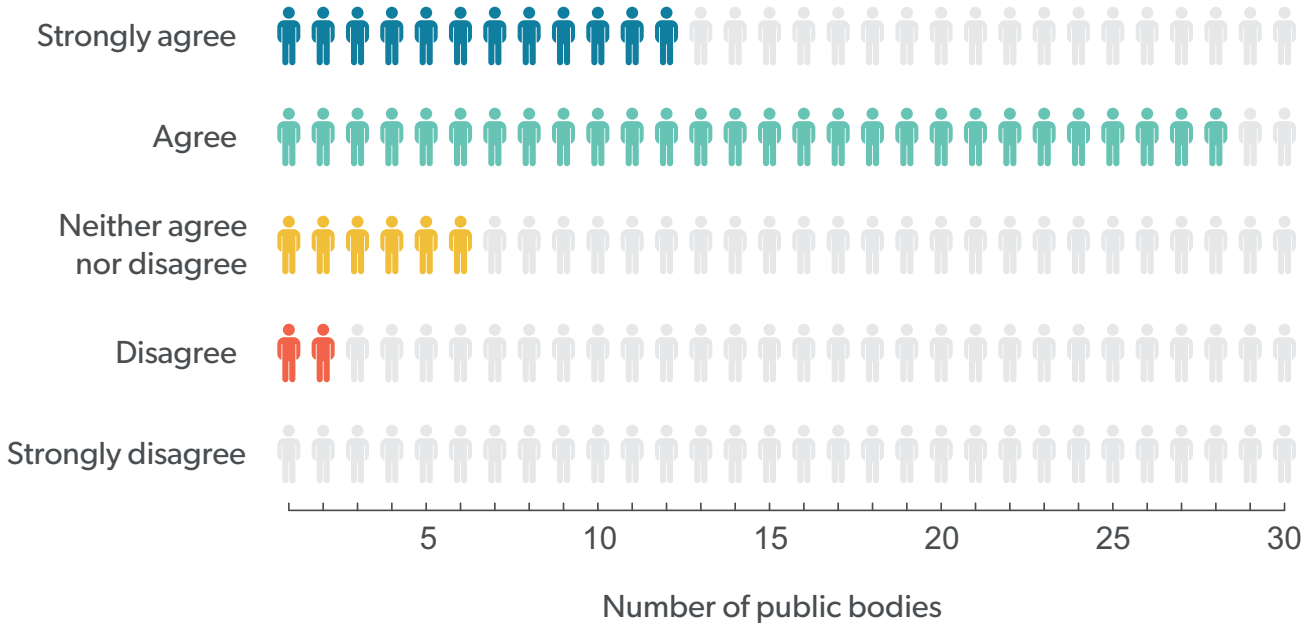




## Clarify your strategic direction and increase your pace of implementation

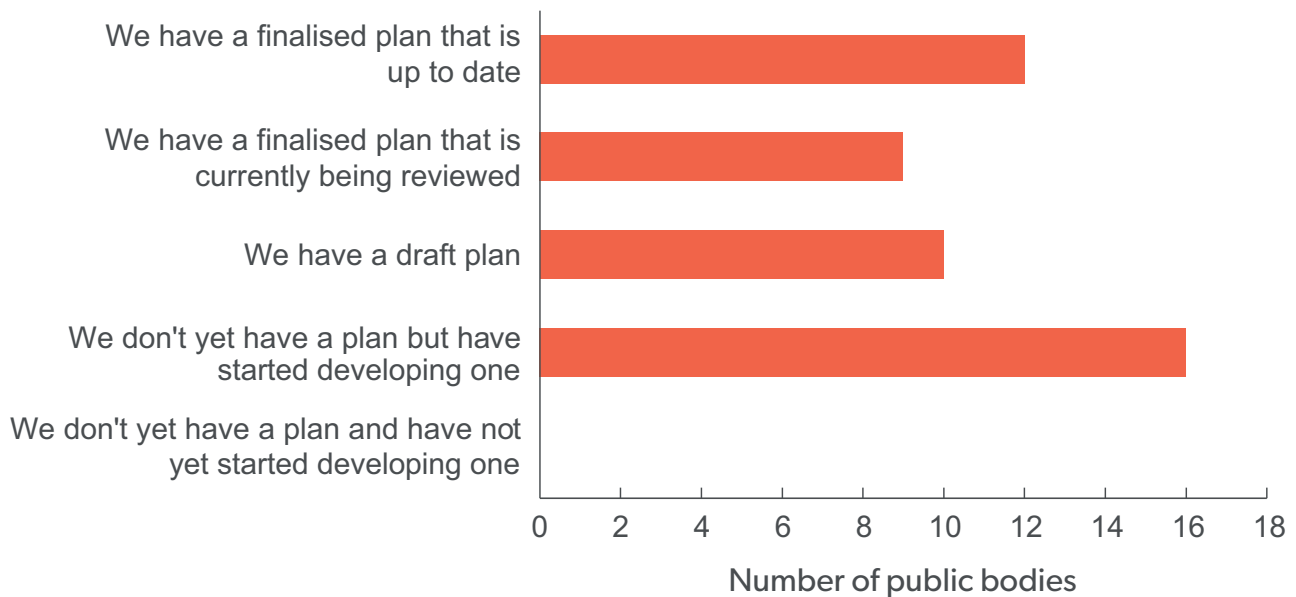
- 21 To deliver the 2030 collective ambition, it is essential that Wales has clear, joined-up, integrated strategies across the public sector. The action plans resulting from those strategies will also have to be implemented at pace.
- 22 In response to our call for evidence, public bodies were generally positive about the strategic direction set out by the Welsh Government and that it had been communicated well through the [public sector route map \(Appendix 3\)](#). In response to our question about the extent to which they were using the public sector route map, most public bodies said they were using it, to varying degrees, and only five said they were not.
- 23 Despite generally positive views about the national strategic direction, public bodies want more help to translate the strategy into action. Several organisations told us that while the public sector route map provides a high-level template, they need more clarity, support and guidance on how to decarbonise.
- 24 The Welsh Government told us that it deliberately designed the public sector route map to be a high-level framework to assist public bodies in developing local solutions based on individual circumstances, rather than a one-size-fits-all approach. The Welsh Government is providing other forms of central assistance on decarbonisation, including support through the [Welsh Government Energy Service](#), grant funding for various programmes and funding of the Welsh Local Government Association [transition and recovery support programme](#).
- 25 Some sector-specific guidance is available to support public bodies to translate the vision into action. For the NHS, the Carbon Trust and the NHS Wales Shared Services Partnership have set out more detailed actions in the [NHS Decarbonisation Strategic Delivery Plan](#). In local government, the Welsh Local Government Association is developing more tailored support and guidance for councils.
- 26 Overall, our work has shown that public bodies are at very different stages in setting out their action plans for decarbonisation. While **Exhibit 1** shows most public bodies feel they have set a clear strategic direction, **Exhibit 2** shows that just over a third of organisations did not have a decarbonisation plan at the time of our call for evidence. All organisations had at least started to develop their plan, and under Welsh Government policy they have until April 2023 to develop one.

**Exhibit 1: public bodies' responses to the statement, 'Our organisation has set a clear strategic direction to support the achievement of the 2030 carbon reduction targets'**



Source: Audit Wales call for evidence

**Exhibit 2: status of public bodies' action plans**



Note: One public body did not respond to this question.

Source: Audit Wales call for evidence

- 27 The public sector route map sets out milestones for 2021-22, during which the Welsh Government expects the public sector to be 'moving up a gear'. The Welsh Government considers there has been good progress and the public sector is picking up the pace. However, the Welsh Government recognises there is still significant work to be done and to date, the public sector has not fully achieved the 'moving up a gear' milestones.

### Questions that senior leaders and those who scrutinise them may want to ask

- Have we set out a clear strategic approach and action plan for decarbonisation? If not, why not?
- Have we given due consideration to recommendations from the Future Generations Commissioner on decarbonisation, including those within the Future Generations Report 2020<sup>6</sup>?
- Are we involving our staff, stakeholders and citizens in the development and delivery of our strategic approach?
- Have we collaborated with others to develop our overall approach?
- How will our approach to decarbonisation help us deliver against other strategic objectives (including well-being objectives) as well as meeting the 2030 collective ambition?
- Do our other corporate strategies, policies and operations reflect the strategic approach we have set out for decarbonisation?
- Does our action plan set out clear milestones that align with the 2030 collective ambition and is it being implemented at sufficient pace?



6 [The Future Generations Commissioner for Wales, Future Generations Report 2020, May 2020.](#)

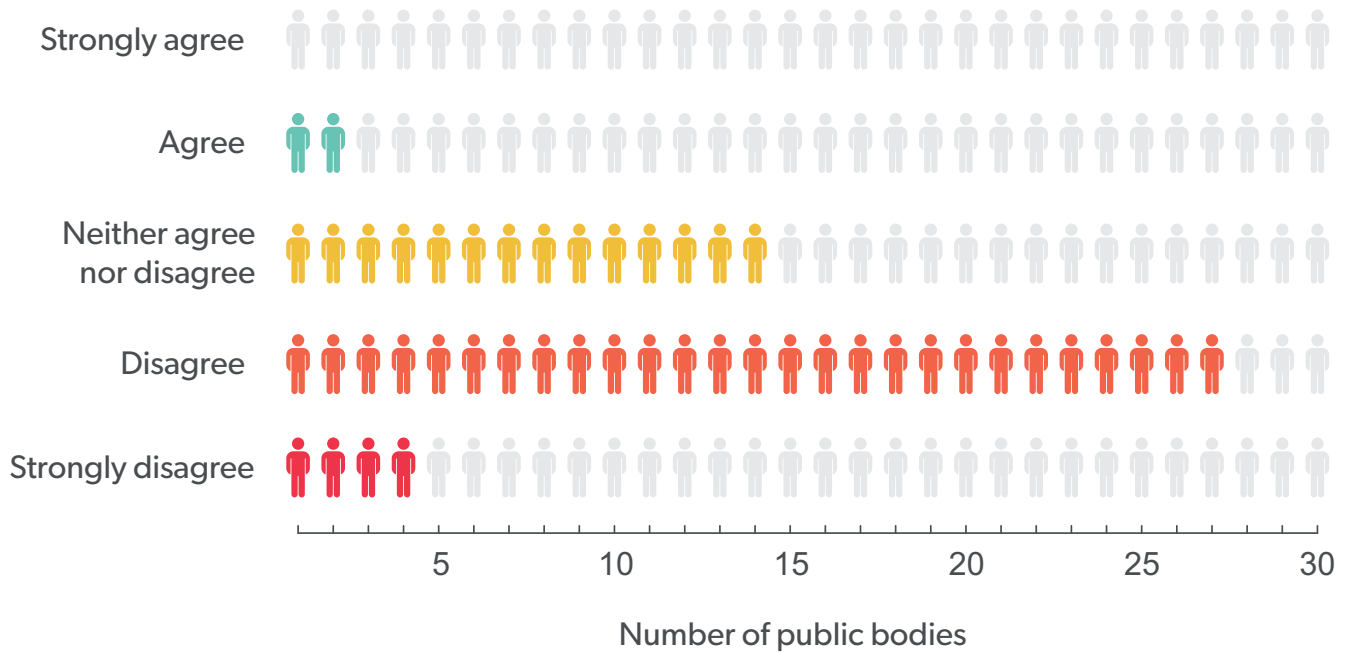




## Get to grips with the finances you need

- 28 Public bodies need to plan their finances in such a way that they can deliver their decarbonisation strategies and action plans. This will require long-term planning because decarbonisation will need investment for many years. It will also require immediate expenditure because if the 2030 collective ambition is to be met, urgent action is essential.
- 29 Public bodies recognised that significant investment in decarbonisation will be required, particularly for upfront infrastructure costs. But they were uncertain about where the funding for this investment would come from. The Welsh Government is providing funding to public bodies in various ways, but it has said it cannot fund everything. Public bodies will therefore need to think carefully about how they can use their existing funding in different ways, explore potential additional funding opportunities and consider how they might share costs with partner organisations.
- 30 Overall, public bodies told us that finances are a significant barrier to achieving the 2030 collective ambition. This is because of uncertainty in relation to the long-term additional funding they will have available to them, and about difficulties in getting to grips with the costs of decarbonising. **Exhibit 3** shows that most public bodies have not fully assessed the financial implications of the 2030 collective ambition. In some cases, this is because they have not yet set out a clear set of actions and activities to achieve net zero.

**Exhibit 3: public bodies' responses to the statement, 'Our organisation has fully assessed the financial implications of meeting the 2030 carbon reduction targets'**



Note: One public body did not respond to this question.

Source: Audit Wales call for evidence

### Questions that senior leaders and those who scrutinise them may want to ask

- Do we know what we are currently spending on activities to help meet the 2030 collective ambition?
- Do we know how much we would need to spend to help achieve the 2030 collective ambition?
- How are we deciding how much to spend on decarbonisation?
- If we have not yet assessed the financial implications of the 2030 collective ambition, do we understand why we have been unable to?
- What are we doing to collaborate with others, to understand the financial implications, and to share costs?
- Do our budgets and expenditure reflect the need to reduce carbon emissions urgently?
- Are we setting out a good level of detail in our financial statements in relation to decarbonisation spending?  
(See [our blog](#) on this matter).





## Know your skills gaps and increase your capacity

- 31 Within public bodies it is everyone's responsibility to take action towards the 2030 collective ambition. Delivering that ambition will require public bodies to have staff in place with some specialist expertise. Our work found enthusiasm to deliver, but we also found widespread capacity issues and skills gaps. Skills gaps in relation to decarbonisation are not unique and are symptomatic of a wider challenge across the public sector. For example, in our [Picture of Public Services 2021](#) report, we highlight that staffing numbers have fallen and skills deficits have emerged.
- 32 Public bodies told us their resources are stretched in delivering their core services, and they are lacking specialist skills in carbon reduction and in monitoring carbon emissions. In addition, the complex nature of the field means that bodies are competing for limited expertise and knowledge.
- 33 Public bodies need to understand the staff capacity and skills they have in place through robust workforce planning. Training will play a crucial role in ensuring staff understand their decarbonisation responsibilities and are best equipped to deal with the task at hand. There is also an opportunity to share the knowledge, expertise and capacity that exists within the public sector as well as the private and third sectors.

### Questions that senior leaders and those who scrutinise them may want to ask

- Do we know what skills are needed, both now and in the future, to ensure we can deliver against the 2030 collective ambition?
- Do we have a plan in place to deal with any identified skills and capacity gaps through training, recruitment or working with peers and stakeholders to share resources and expertise?





## Improve data quality and monitoring to support your decision making

- 34 Public bodies need to understand where their emissions are coming from so they can check if they are making progress. We found that data issues are a major barrier to having a shared understanding of the problem and to taking strategic decisions about the solutions.
- 35 Carbon emissions monitoring and reporting is a complex and rapidly developing area worldwide. The Welsh Government has published a common reporting methodology for public bodies to report their emissions through the [Welsh Public Sector Net Zero Reporting Guide](#) and the net zero reporting spreadsheet. In doing so, the Welsh Government is trying new ways of improving emissions data. Welsh public bodies responded by putting new arrangements in place and by submitting their first set of annual data in October 2021.
- 36 The Welsh Government commissioned independent consultants, to review the first submission of emissions data from public bodies and in June 2022, the Welsh Government published the consultancy report in full. The report<sup>7</sup> provides the first estimate of the full range of emissions by the public sector in delivering services for the people of Wales. The report states that the figures include significant uncertainty, particularly in relation to supply chain emissions, and that the data has not been thoroughly audited. The figures suggest emissions across Wales for the public sector reduced by 5% between 2019-20 and 2020-21.
- 37 In response to our call for evidence, public bodies recognised the usefulness of having a common reporting methodology. However, some responses pointed to concerns over some calculation methods, particularly regarding supply chain and land use, and called for further clarity of definitions to ensure consistent interpretation and reporting. Some responses also noted that existing systems were not able to capture the required data, and had to be updated, or new systems had to be put into place. This was often time consuming and resource intensive. NHS bodies also raised concerns about duplication with existing reporting arrangements on carbon emissions.

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7 [See Footnote 3.](#)

38 It is important to get the data right because this information will underpin decision making and monitoring of progress for decades to come. However, we acknowledge this is the first year of the new arrangements to report a complex issue and the Welsh Government is committed to developing the guidance further to address the issues identified in the consultancy report (**paragraph 36**) and to reflect wider feedback. The Welsh Government published revised [reporting guidance](#) in July 2022. We also acknowledge that while there are concerns about supply chain data, the requirement to report this data reinforces the findings from previous studies that show the importance of reducing emissions from procurement and the supply chain<sup>8</sup>.

#### Questions that senior leaders and those who scrutinise them may want to ask

- Are we playing our part in building a system that will provide consistent, accurate, high-quality data on carbon emissions across the public sector to support transparency and scrutiny?
- Do we know what the existing data is telling us and what further data do we need to support decision making?
- Based on our understanding of our own data, do we have plans in place to take appropriate action?
- How can we improve our understanding of emissions resulting from our supply chain and relevant third parties?



8 [Welsh Government, A route map for decarbonisation across the Welsh public sector \(Appendix A\), May 2021.](#)



# Appendices

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- 1 Audit approach and methods**
- 2 Legislative and policy framework underpinning decarbonisation**
- 3 The public sector route map and reporting guide**

# 1 Audit approach and methods

In November 2021, we issued a call for evidence to 48 public bodies, asking questions about their baseline position in achieving the 2030 collective ambition. Most public bodies responded in the period December 2021 to January 2022. We sent the call for evidence to the bodies covered by the [Well-being of Future Generations \(Wales\) Act 2015](#) at the time. This included all principal councils, fire and rescue authorities, national park authorities, health boards and NHS trusts, and the larger Welsh Government sponsored bodies.

We also sent the call for evidence to the Welsh Ambulance Services NHS Trust, Digital Health and Care Wales, and Health Education and Improvement Wales to ensure we had a more complete picture across the NHS. We also sent the call for evidence to NHS Wales Shared Services Partnership (NWSSP), which is an independent mutual organisation, owned and directed by NHS Wales, that delivers a range of services for and on behalf of NHS Wales. NWSSP is hosted by and operates under the legal framework of Velindre University NHS Trust, which is itself covered by the Well-being of Future Generations (Wales) Act 2015.

We received responses from all bodies that were sent the call for evidence, although in a small number of instances not all questions were answered. Where questions were not answered by all public bodies, this is set out in a note to each relevant graph.

To inform our work, we held discussions with relevant stakeholders including the Welsh Government, the Office of the Future Generations Commissioner for Wales, representatives of NHS Wales and the Welsh Local Government Association. We also reviewed key documents, including policies and guidance, and other relevant information provided to us by the Welsh Government and other stakeholders.



We did not undertake a detailed review at each of the public bodies. While we have largely relied on what they reported through their call for evidence responses and any supporting documentation, we have also sought to triangulate our findings through discussions with stakeholders and evidence from our wider document and data review. We also shared and discussed our emerging findings at a public webinar held in May 2022. 109 people from outside Audit Wales attended the webinar, representing a range of public, private and third sector organisations.

As stated earlier in this report, the Auditor General for Wales has committed to a long-term programme of work on climate change. We have already reported on the decarbonisation efforts of fire and rescue authorities, we have begun to review council decarbonisation action plans and we are preparing a report on flood risk management. Following a recent consultation on our future work programme, we are considering our next steps in relation to auditing actions to decarbonise and to adapt to the changes already happening to our climate.

## 2 Legislative and policy framework underpinning decarbonisation

The graphic below sets out the key legislation, policies and guidance related to decarbonisation and climate change that apply across the Welsh public sector. We refer to sector-specific legislation and policies in the main body of this report where relevant.



### April 2016

The Well-being of Future Generations (Wales) Act 2015 came into force and required public bodies covered by the Act to act in accordance with the sustainable development principle. The five ways of working set out in the Act aim to help bodies work together better, avoid repeating past mistakes and tackle long-term challenges.

### March 2019

The Welsh Government published the first statutory Low Carbon Delivery Plan, Prosperity for All: A Low Carbon Wales (LCDP1).

### November 2019

The Welsh Government published Prosperity for All: A Climate Conscious Wales, its most recent climate adaptation plan.



### March 2016

The Environment (Wales) Act 2016 came into force and placed a duty on Welsh Ministers to set targets for reducing greenhouse gas emissions and to set carbon budgets.

### July 2017

The Welsh Government set an ambition of achieving a carbon neutral public sector by 2030.

### April 2019

The Welsh Government made a Climate Emergency Declaration.



### March 2021

Following advice from the Climate Change Committee in December 2020, the Welsh Government set new legal targets for a 63% carbon reduction by 2030, 89% by 2040, and 100% by 2050.

### May 2021

The Welsh Government published the [Welsh public sector net zero reporting guide and the net zero carbon reporting spreadsheet](#). **Appendix 3** provides further detail.



### June 2021

The Welsh Government published its [Programme for Government 2021-2026](#) which puts tackling the climate and nature emergencies at the heart of the new government and makes a series of commitments to embed climate change in a number of ways.

### July 2021

The Welsh Government published [Net zero carbon status by 2030: A route map for decarbonisation across the Welsh public sector](#). **Appendix 3** provides further detail.



### October 2021

The Welsh Government published [Net Zero Wales Carbon Budget 2 \(2021 to 2025\)](#). This sets out specific policies for the public sector, including a target for decarbonisation plans to be in place by March 2023, targets relating to buildings, vehicles and procurement, and development of a new health and social care decarbonisation plan.

### July 2022

The Welsh Government published updated versions of the [Welsh public sector net zero reporting guide](#) and the net zero carbon reporting spreadsheet.

### 3 The public sector route map and reporting guide

To support the public sector to achieve net zero, the Welsh Government published its [public sector route map](#) in July 2021. The route map sets out four priority areas for action: buildings, mobility and transport, procurement, and land use. It also sets out key milestones for the public sector to achieve, which are:



2021-  
2022

**Moving up a gear:** Where understanding the context and what needs to be done is vital, and where action needs to accelerate.



2022-  
2026

**Well on our way:** Where there is an expectation that low carbon is becoming the norm and the public sector is definitely on the way to net zero.



2026-  
2030

**Achieving our goal:** Where choosing zero carbon has become routine, culturally embedded, and self-regulating.

In May 2021, the Welsh Government published the [Welsh Public Sector Net Zero Carbon Reporting Guide](#). The aim of the guide is to develop a universal set of instructions for use by public bodies to assist in meeting the 2030 collective ambition, in particular to:

- **Baseline:** To understand the current situation and quantify organisational emissions and removals for a consistently drawn boundary. And to quantify the likely emission gap to carbon neutral operations by 2030.
- **Identify mitigation potential:** An assessment to identify significant sources of emissions enabling organisations and the public sector to prioritise action needed to move to carbon neutral operations by 2030.
- **Monitor progress:** A need to gather, collate and analyse data to assess whether organisations are on track to achieving their goal of carbon neutrality by 2030.

Alongside the guide, the Welsh Government published the [Net zero carbon reporting spreadsheet](#) for use by public bodies to capture and report their emissions data in a consistent way. The Welsh Government asked public bodies to submit the first data by October 2021 for the 2020-21 financial year. The second submission is required by September 2022 for the 2021-22 financial year.

The guide states that public bodies should report actions to reduce emissions and move to carbon neutral operations by 2030, but the format and narrative of that reporting are not prescribed. The guide does suggest it could be in the form of an annual report on progress against a published action plan or a separate document. It also suggests that management information used in collating an emissions report will provide a good basis for the narrative report. As part of our work, we have not reviewed any narrative reports produced by public bodies, although **paragraphs 34-38** of this report comment on the challenges relating to the carbon emissions data and reporting. Following feedback from public bodies and a review of the first year's data submissions, the Welsh Government published revised reporting guidance in July 2022.



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DPS17 Welsh Local Government Association

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Senedd Cymru | Welsh Parliament

[Pwyllgor Newid Hinsawdd, yr Amgylchedd a Seilwaith](#) | [Climate Change, Environment and Infrastructure Committee](#)

[Datgarboneiddio'r sector cyhoeddus](#) | [Decarbonising the public sector](#)

Ymateb gan Cymdeithas Llywodraeth Leol Cymru | Evidence from Welsh Local Government Association

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Building on Audit Wales' work, the Committee would welcome your views on any or all of the following:

## 1. What are your views on the role of the Welsh Government in supporting public bodies to deliver on the five 'calls for action' identified in the Audit Wales' report?

As the national government of Wales, Welsh Government has important roles in (i) giving strategic direction on the approach to be taken by public bodies to achieving net zero by 2030, including timelines and targets (ii) encouraging a partnership approach to meeting these targets across the public sector and (iii) providing support – financial and technical – to help public bodies meet the challenges they face.

## 2. What are your views on the Welsh Government's Net zero carbon status by 2030: A route map for decarbonisation across the Welsh public sector as a means of providing strategic direction to public bodies?

The route map has provided a useful, high-level steer in relation to point (i) above, identifying those areas where the focus of public sector bodies should be. These are the areas where action by the public sector can have maximum impact in terms of emissions reduction. WLGA has been funded by WG to support councils in fleshing out the detail around the route map (related to point (iii) above). It is important to identify strategic programmes of work where research, guidance and learning can be shared, to avoid ad hoc approaches, where everything is replicated 22 times and the scope for economies is lost.

### 3. What are your views on the progress made by public bodies in the priority areas for action set out in the route map - Sustainable procurement; Net zero buildings; Mobility and transport, and Land use?

Good progress is being made on all four fronts. A Climate Strategy Panel was established by the Partnership Council for Wales to focus on these areas from a local government perspective. This includes Chief Executive level representation from each of the four regions of Wales and one of the National Park Authorities, along with two council Environment directors. Expert advice is also being provided on the panel by relevant policy teams within WG, NRW, academia and unions. The Panel undertook a 'deep dive' into each of the four areas to research the key issues and challenges. This, along with a review of council's work on decarbonisation in 2021, has identified areas where support is most needed and where there are opportunities to share learning (via masterclasses) and undertake work collectively. WLGA has set up a framework of five consultants who are being commissioned to carry out work to fill the gaps on behalf of all councils. This work will be shared not only with all councils but will also be publicly available on the WLGA website to assist other public sector bodies where appropriate and relevant.

### 4. What are your views on the support provided by the Welsh Government to deliver progress in the priority areas, including any gaps?

As noted above, WG has provided funding to WLGA to develop customised support for councils. WLGA has been liaising very closely with officials within the Local Government division of WG in developing its programme of support, working effectively as a team. The Minister for Finance and Local Government has attended the Panel meeting to discuss the various activities underway, as well as discussing progress with the 22 Leaders and other public sector leaders at the Partnership Council for Wales.

### 5. Do you have any other points you wish to raise within the scope of this inquiry?

The WG support to date has been very welcome but is relatively small scale and linked to the 'exploration' phase. As we move into the 'delivery' phase there inevitably will be far greater financial issues to address. The upfront cost of steps that will need to be taken are likely to be substantial – e.g. in relation to buildings, vehicles, and procurement of low carbon products and services (which are likely to be more expensive).

This will require innovative approaches such as 'invest to save', 'whole life costing' and the factoring-in of the carbon implications of purchases, rather than simply the monetary costs. Many vital measures will generate payback in the longer term. Some of this payback will be financial and capable of being 'captured' (e.g. through lower running and maintenance costs for electric vehicles; energy efficiency measures that produce savings on energy bills; renewable energy generation that provides a low cost and resilient source of energy for council function (as well as the potential for creating local economic benefits).

However, some of the necessary investments will be in 'public goods' which will contribute to the well-being of communities in the future but do not create an immediate or realisable monetary return on investment. For example, peatland restoration will yield carbon reduction benefits over



time (by sequestration) but the return on the initial investment will be an environmental one, not financial.

This is relevant to climate change adaptation/resilience investments as well as those aimed at achieving net zero. For example, flood prevention measures will protect residents and businesses and may help to avoid expenditure on clearing up flood damage. However, that is a 'social return on investment' with no associated direct income stream to repay upfront capital costs.

WG's Sustainable Farming Scheme proposals, which involve paying land owners/farmers for ecosystem services can play an important role here, in terms of efforts to reduce carbon emissions and adaptation (as well as in arresting nature loss) in the wider local authority area territory (as opposed to 'in-house' focus of decarbonisation / net zero efforts of councils).

# Agenda Item 4

DPS18 NHS Wales Shared Services Partnership (NWSSP)

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Senedd Cymru | Welsh Parliament

Pwyllgor Newid Hinsawdd, yr Amgylchedd a Seilwaith | Climate Change, Environment and Infrastructure Committee

Datgarboneiddio'r sector cyhoeddus | Decarbonising the public sector

Ymateb gan Partneriaeth Cydwasaethau GIG Cymru | Evidence from NHS Wales Shared Services Partnership (NWSSP)

## Summary

The Welsh Government (WG) has great influence over the public sector in Wales, both through its policies as well as its funding responsibilities. Consequently, it has a critical role in supporting public bodies in achieving the net zero carbon ambition by 2030.

Generally, NWSSP believe that the WG's *Net zero carbon status by 2030: A route map for decarbonisation across the Welsh public sector* (the 'route map'), sets out a clear strategic direction for the public sector and that the WG is doing an effective job in supporting the decarbonisation agenda.

However, there are very significant challenges, and we believe the key areas for concern in achieving the 2030 ambition are:

- Lack of capacity both in terms of decarbonisation expertise to plan and drive projects forward and sector capacity across a range of key enablers e.g., electrical infrastructure, electrical fleet vehicles etc.
- Access to capital and revenue funding at the scale needed to deliver the change programme.

## **1. What are your views on the role of the Welsh Government in supporting public bodies to deliver on the five 'calls for action' identified in the Audit Wales' report?**

- 1. Strengthen your leadership and demonstrate your collective responsibility through effective collaboration.***

The WG and NWSSP work closely together on a whole range of decarbonisation issues, much of which is focused on leadership and collaboration. For example, colleagues from the WG's Climate Change and Environmental Public Health Division and NWSSP's Decarbonisation Programme Team and subject matter experts have a very close working

relationship, with activities including supporting the overall governance arrangements and shared monitoring and reporting of the *NHS Wales Decarbonisation Strategic Delivery Plan - 2021 [the NHS Plan]*.

Opportunities for collaboration are also regularly discussed, which on occasion can lead to new arrangements for programme delivery. For example, the establishment of an NHS Wales Transport Task and Finish Group to oversee the development of *Strategic Guidance for EVCP on Healthcare Sites*, was partly due to feedback received from the WG.

Colleagues from the WG's Climate Change and Environmental Public Health Division have also been helpful in facilitating connections to be made between NWSSP and other parts of the WG and elsewhere, where there is common ground or enabling activity being undertaken and shared learning opportunities can be exploited.

The WG have also established a Community of Experts Groups to help review emerging plans and initiatives and share examples of good practice.

## ***II. Clarify your strategic direction and increase your pace of implementation.***

NWSSP commissioned the Carbon Trust to help develop the *NHS Plan* which was developed in parallel with the WG's *Net zero carbon status by 2030: A route map for decarbonisation across the Welsh public sector* and shares a similar format, for example *The Journey to net zero* (and associated timeline) is identical in both documents.

The *NHS Plan* sets out a clear strategic direction for NHS Wales.

Following publication of the *NHS Plan*, and in discussion with WG colleagues, it was recognised that NWSSP needed to bolster its delivery team capacity to help increase the pace of implementation. With the support of the WG, we have agreed a plan to increase our decarbonisation programme resource, although recruitment continues to be hugely challenging, given the demand nationally for these skills.

## ***III. Get to grips with the finances you need.***

Finances will be a critical factor in achieving progress towards a net zero ambition and the WG has established a number of different funding sources to support NHS Wales bodies<sup>1</sup> decarbonisation plans such as Re:fit Cymru, and the Estates and Facilities Advisory Board (EFAB) 1 and EFAB 2 schemes.

The WG has also provided funding to support specialist resources needed to organise and deliver decarbonisation projects, for example, funding to support NWSSP's decarbonisation programme team as well as specialist resources in procurement. This support is extremely welcome and has enabled activity to be taken forward that would not otherwise have been possible.

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<sup>1</sup> NHS Wales bodies is used to describe all NHS organisations including NWSSP, Health Boards and Trusts.

However, as we start to move forward within the delivery phase, and whilst acknowledging that many of the detailed financial plans still need to be finalised, the funding eventually required could well be significantly beyond that available to the WG or the broader public sector.

This is particularly true of NHS Wales, which following Brexit, the covid pandemic and the Ukrainian war with the subsequent cost of living crisis, is currently under immense strain with significant waiting lists and treatment backlogs. Attempting to deliver decarbonisation projects within healthcare facilities, which can be costly and disruptive, against such a backdrop is extremely challenging.

Similarly, developing the infrastructure to accommodate the move to electrical vehicles and the fleet transition challenges will require very detailed planning and significant capital investment in a market that is developing rapidly but is still fragile.

Lack of financial resource has been identified by NWSSP as one of the key risks in delivering the decarbonisation programme.

#### **IV. Know your skills gaps and increase your capacity.**

NWSSP have been aware for some time the significant skills gaps that needed to be filled to help deliver our decarbonisation plan, as referenced above in the response to **3. Get to grips with the finances you need** above.

Closing these skills gaps have, in part, been supported by the WG either directly or indirectly. For example, the Welsh Government's Energy Service (WGES) has on several occasions been used by NHS Wales to augment its own skill base either through commissioning services from WGES or by utilising the likes of the Carbon Trust to help develop core documentation.

Similarly the Re:fit Cymru Programme Implementation Unit also provides a heavily subsidised route to access specialist energy efficiency support for buildings and assets.

A very significant problem encountered by NWSSP has been the inability to recruit staff with the right specialist skills to help drive the programme forward. The reasons for these difficulties are complex but clearly the demand nationally for such staff across all sectors is huge.

Failure to build decarbonisation capacity across the whole industry is identified as another of the key risks to NWSSP's decarbonisation programme.

#### **V. Improve data quality and monitoring to support your decision making.**

NWSSP initially calculated our carbon baseline in accordance with the Carbon Trusts' methodology. This approach has generally been superseded across Wales by the WG's *Welsh Public Sector Net Zero Reporting Guide - May 2021*. Consequently, NWSSP are

discussing with the WG how best to manage the transition from the previous reporting system to the new one.

The current plan indicates full alignment by the end of 2023.

Notwithstanding this specific change, the decarbonisation industry is developing quickly and ongoing refinement of data definitions and means of measurements is to be expected as the process matures.

However, NWSSP greatest concern with data and reporting relates to procurement.

Currently, for procurement activity, carbon is measured on industry averages based on £ spend. Consequently, as the activity of NHS Wales increases with associated procurement spend, an inexorable rise in carbon emissions is recorded. Clearly one of the main challenges facing NWSSP Procurement is the shift from expenditure-based carbon reporting through to actual supply chain carbon measurement to ensure more accurate data is recorded.

This work is a priority area and NWSSP now has a sustainability team in place that is working with procurement teams pan Wales to help address this issue.

## **2. What are your views on the WG's Net zero carbon status by 2030: A route map for decarbonisation across the Welsh public sector as a means of providing strategic direction to public bodies?**

The WG's *Net zero carbon status by 2030: A route map for decarbonisation across the Welsh public sector* (the 'route map'), sets out a clear strategic direction for the public sector. We understand that it was designed to be a high-level framework to allow local solutions to be developed, reflecting organisations' particular circumstances.

The route map is, in NWSSP's opinion, well presented and helpfully includes a broad timeline divided between Moving up a gear 2021-2022; Well on our way 2022-2026 and Achieving our goal 2026-2030, all referenced against changes required to Behaviours, Standards and Innovation as we move towards the 2030 target.

The route map also identifies Buildings; Mobility and Transport; Procurement and Land Use as priority areas, again helpfully expressed with specific targets across the timeline, for example for Buildings:

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**Well on  
our way  
2022-2026**

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**Firm proposals & business cases are in place for hard to decarbonise building types (e.g. complex hospitals) & shared spaces.**

**Transition to all new schools, colleges and offices built to net zero (and associated reduction in supply chain impacts). All remaining existing buildings will be highly energy efficient OR scheduled for replacement & renewable heat schemes will be rolled out.**

The route map does not contain any analysis of the distribution of carbon savings necessary across the public sector to achieve net zero. Consequently, different public sector organisations are unable to determine their 'share' of the savings implicit within the net zero target.

### **3. What are your views on the progress made by public bodies in the priority areas for action set out in the route map: sustainable procurement, net zero buildings, mobility and transport, and land use?**

Whilst NWSSP has many contacts with other public bodies across the range of our activities including decarbonisation, we do not have sufficient information to comment on their progress in the priority areas for action.

The following comments are therefore confined to progress by NWSSP.

#### **Sustainable Procurement**

The *NHS Plan* identifies 46 initiatives, eight directly linked to procurement, which contributes approximately 62% of NHS Wales carbon footprint. The initiatives within procurement have several linked activities involving complex projects and multiple parties. There is collaboration between the WG, the NWSSP Sustainability Team and with procurement teams pan Wales, working together in systems leadership roles within NWSSP.

To further progress and decarbonise the NHS supply chain, NWSSP has engaged with the WGES. To reach net zero by 2030 a co-ordinated input from procuring public bodies and suppliers is required, across both reporting and mitigation to improve the accuracy of emissions calculations and to reduce emissions.

The current methodology based on expenditure used to report supply chain emissions has significant uncertainty and is not appropriate for long-term monitoring or target setting. If we are to progress towards our 2030 target, it is crucial these estimates are replaced by more robust methodology. We are transitioning to a market-based approach; however this involves thousands of suppliers.

Supply chain carbon reporting is a technical, complex and logistical challenge that will require collaboration between our suppliers and procurement teams.

WGES are holding workshops on behalf of the public sector as part of the collaborative effort to improve carbon reporting. In future, our suppliers will have to routinely provide the carbon impact of their goods and services, particularly for contracts identified as high emitting CO<sub>2</sub>e.

We are also working collaboratively with other parts of the UK to reduce and avoid any duplication of efforts.

#### **Net Zero Buildings**

NWSSP works with its partners in NHS England, Scotland and Northern Ireland on the maintenance of a national publications programme covering healthcare building design and engineering standards. All four countries have similar aspirations for net zero buildings and agreed to jointly commission an *NHS Net Zero Building Standard*.

The document was published in February 2023 for information and will now be incorporated into the WG's *NHS Wales Infrastructure Investment Guidance* and will shortly be adopted as mandatory guidance for all new building infrastructure business cases.

NWSSP manages the all-Wales *Building for Wales* construction and consultant frameworks for all new healthcare developments and the frameworks are currently being reprocured for April 2024. The *NHS Net Zero Building Standard* will be integrated into the tender documents and implemented for all new projects procured under the new frameworks.

In addition, NWSSP offers advice and guidance to all NHS Health Boards and Trusts on the decarbonisation of existing buildings. For example, we will shortly issue guidance on *Heat Decarbonisation Pathway for NHS Wales* which NWSSP commissioned to support Health Boards and Trusts in planning and delivering local decarbonisation projects.

### **Mobility and Transport**

The transport sector is one of the industries most impacted by worldwide supply chain issues. The current situation means that the supply of raw materials, vehicle parts and vehicle build, as well as items linked to infrastructure have been adversely affected by both availability and cost. As a result, the milestones are more challenging and at risk of not achieving full compliance without sufficient investment.

Despite these challenges progress is being made across a number of mobility and transport initiatives.

NWSSP, are currently developing *Strategic Guidance for EVCP on Healthcare Sites* through the all-Wales Transport Task and Finish Team. This will set out clear guidance and a best practice approach for electric vehicle charging technology, procurement and car park space planning including consideration of NHS Wales's own fleet, staff vehicles, and visitor EV charging. This will need to accommodate the WG's *Welsh National Standards for Electric Vehicle Charging Infrastructure* (expected to be published shortly)

NWSSP is also committed to an EV HGV pilot, as part of a UK Government sponsored trial to test proof of concept for zero emission road freight and we look forward to the operational testing and reporting from late April 2023. In conjunction, our planned fleet replacement for HGV is currently reviewing use of alternative fuels such as HVO or biomethane as more sustainable fuel sources.

We have also taken steps to increase our operational EV fleet and have currently maximised our available charging infrastructure. In conjunction with the strategic guidance being

developed nationally, work is ongoing to review our revised requirements to meet the expected future demand.

### **Land Use**

Land holdings within the public sector are dominated by Natural Resources Wales and Local Authorities with less than 0.2% with NHS bodies.

NWSSP will review the latest GHG Protocol Guidance, when published, for emerging land use opportunities which might be suitable for NHS Wales land.

## **4. What are your views on the support provided by the WG to deliver progress in the priority areas, including any gaps?**

### **Sustainable Procurement**

The WG has provided support to NWSSP through the WGES to identify learnings from initial supply chain engagement workshops, which are due to be published in March 2023. Our belief is this will provide a clear roadmap for suppliers to transition to a market-based approach to supply chain emissions accounting.

In addition to the support offered by WGES, NWSSP Procurement are engaging with suppliers directly, looking at specific categories and opportunities to maximise CO2e reduction opportunities.

The WG has also provided excellent guidance via the *Welsh Procurement Policy Note (WPPN) 06/21 Decarbonisation through procurement – taking account of Carbon Reduction Plans* and *WPPN 12/21 Decarbonisation through procurement – Addressing Co2e in the supply chains*.

There is however a clear skills gap in the wider public sector workforce more generally regarding sustainability, GHG emissions and climate change and as stated previously there is also a gap in the specialist skills to help drive the programme forward.

Any further support in this area would be welcomed.

### **Net Zero Buildings**

A number of large hospital sites have been reviewed by the WGES for potential renewable energy projects, with the outcomes presented to NHS bodies. This work now needs to be developed further to test viability, hopefully replicating the success of the Morryston solar farm project. It is anticipated that in future years this work can be undertaken on more sites within the NHS Wales estate



The *Heat Decarbonisation Pathway for NHS Wales* was partly funded using revenue funding secured from the WG. This has enabled NWSSP to produce guidance and information documents that can be used to develop pathways to achieve low carbon heating on a range of sites.

### **Mobility and Transport**

The WGES are working with NWSSP on the extent of data capture in relation to fleet use and CO2e emissions to help inform minimum system specification and standardised reporting.

The WG has also provided funds to support a commission to help develop *Strategic Guidance for EVCP on Healthcare Sites*.

### **Land Use**

NHS Wales land holding are de minimis in the context of the public sector in Wales and any support needed is provided through the NWSSP-SES property team.

### **NWSSP**

**Date: Feb 2023**

# Agenda Item 5.1



Llywodraeth Cymru  
Welsh Government

Llyr Gruffydd MS

Chair, Climate Change, Environment and Infrastructure Committee

6 March 2023

Dear Llyr,

Thank you for your letter of 6 February 2023 containing the Climate Change, Environment and Infrastructure Committee's report on its Scrutiny of the Government's Draft Budget 2023 – 24. We are grateful for the Committee's work on this. Please find attached the Welsh Government's response.

Yours sincerely,

A handwritten signature in blue ink that reads "Julie James".

**Julie James AS/MS**  
**Lee Waters AS/MS**  
Gweinidog Newid Hinsawdd  
Dirprwy Weinidog Newid Hinsawdd  
Minister for Climate Change

A handwritten signature in black ink that reads "Lee".

**Lee Waters AS/MS**  
Gweinidog Newid Hinsawdd  
Dirprwy Weinidog Newid Hinsawdd  
Minister for Climate Change  
Deputy Minister for Climate Change

# Response to Climate Change, Environment and Infrastructure Committee's report on its Scrutiny of the Government's Draft Budget 2023 – 24

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## Climate Change

### Recommendation 1

The Committee recommends that:

The Minister should explain whether and how changes have been made to the budget allocations for 2023-24 to reflect the additional climate change adaptation actions it is planning to take, following the CCC's latest assessment of climate risk

#### **Response: Accept**

Through the 2021 Spending Review we undertook a zero-based review of all capital spending through our work developing the Wales Infrastructure and Investment Strategy. A key part of this strategy is resilience to future trends, including our climate.

Our budget allocations for 2023-24 therefore support a wide range of policy measures for addressing the impacts of climate change and the areas of risk highlighted by the CCC. The progress report we published in December on our national climate change adaptation plan, *Prosperity for All: A Climate Conscious Wales*, sets out the huge amount of climate adaptation work we are taking forward across policy areas, often tackling climate risk as an additional benefit, integrating climate conscious ways of working to existing activities and spend allocations. This includes measures for safeguarding our land, water resources, health, nature and built environment in the face of climate change. Funding for these policy measures is embedded within the budget allocations across departments for 2023-24.

The Strategic Integrated Impact Assessment published alongside the Budget provides details of the allocations made, including details of the Infrastructure Investment Pipeline to show where we have aligned activity (the environmental section, page 35 - section 46 – 51). Looking to the future, we continue to work with the Budget Improvement and Impact Advisory Group (BIIAG) looking at how tools such as carbon and nature budgeting can be used more effectively in the budget process.

**Financial Implications** – no additional implications.

### Recommendation 2.

The Committee recommends that:

The Minister should commit to including annual updates on how the Welsh Government is working to leverage private investment to finance the transition to net zero. These updates should be incorporated into information provided by the Minister to the Committee to inform its scrutiny of future draft budgets.

#### **Response: Accept**

Net Zero Wales [Net Zero Wales Carbon Budget 2 \(2021 to 2025\) | GOV.WALES](#) set out the latest estimates on the approximate level of additional investment required for delivering net zero in Wales, based on analysis by the Climate Change Committee (CCC 2020). Whilst we recognise that investment in the net zero transition needs to ramp up significantly over the short, medium and long-term, there is little variability on Welsh Government actions year to year due to budget and policy making cycles. In addition, many of the key levers to drive private investment lie outside devolved competence.

Taking a systems-based approach and strategic view aligned with our carbon budgets is an appropriate way to consider the role, scale and opportunities to stimulate private investment in Wales. The carbon budget cycle has been intentionally aligned with the Senedd cycle to aid scrutiny and transparency. Consequently, we will provide the detail of the work to leverage private investment in line with the policy cycle (the next plan for Carbon Budget 3, due in 2026) but in the meantime we will provide an annual update of any significant changes which have material implications in Wales.

**Financial Implications** – Although none, there are resource costs from officials undertaking a review each year

## Renewable Energy

### Recommendation 3.

The Committee recommends that:

The Minister should provide details of:

- work undertaken to assess the cost of establishing the new publicly-owned renewable energy developer and the ongoing operational costs,
- the budget allocation for the renewable energy developer for 2023-24 and the indicative allocation for 2024-25 (when the developer will be operational), and
- the steps the Welsh Government has taken, and plans to take, to attract private investment to support the work of the publicly-owned renewable energy developer.

### Response: Accept

In Net Zero Wales, the Welsh Government committed to “Establish a Welsh Government or public energy developer to accelerate the delivery of renewables”. We have engaged a small project team with extensive professional experience in the renewables industry and in establishing organisations, who are working with Welsh Government officials to deliver the commitment to establish the organisation by April 2024. We have benchmarked costs for the company against other similar organisations and these assumptions will now be market tested as we start to establish the company.

The budget allocated to the Renewable Energy Developer for 2023-24 within the existing Clean Energy budget is up to £2.7m. This includes the cost of the project team, initial set up costs for the organisation, and recruiting and transitioning to the permanent team and Board. The indicative budget allocated to support the organisation for 2024-25 is £1.8m, which will be refined as actual costs are established during the next year.

Projects will be developed in stages, with a number of decision points where the viability of the project will be assessed before Ministers make a decision to commit additional funding. Our development team estimate large wind projects will have an average development phase cost of between £3 million and £4 million. This will take the project up to securing a planning consent, although costs will vary depending on the scale and complexity of the project.

Following award of planning permission, Ministers will decide whether to sell each project or retain ownership during the construction and operational phases on a case-by-case basis. Retaining ownership through the construction and operational phase would give Welsh Government the opportunity to have a greater influence over supply chain and workforce benefits.

We will be looking at how Welsh ownership of projects can be retained through different approaches to funding. For example, this is likely to include working with pension funds and organisations such as Ripple Energy. The Ripple model, pioneered in Wales, allows families and businesses to be part of a cooperative that owns a wind farm, connecting their bills directly with the electricity it generates. Establishing the developer provides the opportunity to explore a range of approaches to ensure Welsh citizens receive direct benefits from generation in Wales.

#### **Recommendation 4.**

The Committee recommends that:

The Minister should provide a detailed explanation of what the additional allocation for the Welsh Government Energy Service is expected to deliver.

#### **Response: Accept**

A new Energy Service contract is currently being procured. Once a new supplier is in place, we will work with the new supplier to formulate the Energy Service's delivery plan.

The new service will be required to evolve its provision in response to the changing demands of decarbonisation. We have been clear in specifying the requirement for the new service that we expect a shift to focus resources on the newer and tougher challenges within the energy system. This will involve support for the better understood areas being provided through guidance and communities of peers within the public and community sectors who have delivery expertise.

However, we are clear that additional support is needed to tackle some of the tougher challenges. Decarbonising heating is one of these areas. We have previously provided revenue funding for 18 organisations across the public sector to plan and develop low carbon heat projects to directly address building emissions. We expect these pilots will develop into projects requiring capital funding through the energy service. In addition to the existing Energy Service capital allocation, the Local Government budget is providing £20m for low carbon heat projects which the Energy Service will help to support through to successful delivery.

Additional funding is also needed to address the significant challenges around decarbonising heat and achieving net zero, by widening the scope of support to consider place based approaches to private and residential heat. The delivery plans associated with the four Regional Energy Strategies address issues such as decarbonisation of homes and increased local generation to meet the needs of electrified heating, transport and industrial electrification. The allocation will fund the service to work with regions and authorities to turn these ambitious plans into deliverable projects.

Procurement approaches are also vital to delivering our ambition for a net zero public sector by 2030. Scope 3 emissions currently account for over 60% of

emissions across the public sector, and in some organisations, it accounts for 80%. We will shortly have a report of recommendations and actions to deliver decarbonisation through procurement. The Energy Service will be a key mechanism to help public bodies implement these recommendations and actions.

#### **Recommendation 5.**

The Committee recommends that:

The Minister should provide a breakdown of how the £1m allocated to Ynni Cymru last year was spent.

#### **Response: Accept**

Communities and smart local energy systems are an important part of our future energy system. The Programme for Government commits to work towards the creation of Ynni Cymru to accelerate delivery of community owned renewable energy generation.

The forecast expenditure for 2022/23 is £51,000. This includes work to scope and develop plans to establish Ynni Cymru in initial form. It will also provide resource to accelerate delivery of community owned renewable energy generation.

The overall value of the commitment over the 3 years of the agreement is £6m in revenue and £30m of capital funding. As the commitment is at a relatively early stage of delivery, focused on scoping Ynni Cymru functions and location, the budget has been reprofiled to more closely connect the allocation with the expected profile of expenditure.



## Decarbonising Wales' existing homes

### Recommendation 6.

The Committee recommends that:

The Minister should clarify the total level of investment in housing retrofit activity for 2023-24, including to support retrofit in the private rented and owner occupier sectors.

### Response: Accept

£92 million is set out in the 2023-24 budget to specifically provide support to housing retrofit activity. Of this £70million has been indicatively allocated to the social housing sector following the implementation of the Optimised Retrofit Programme's third phase. In 2022-23 £60 million was allocated to social housing landlords using a formula funding approach.

For the current phase of ORP (3.0) we have changed our approach and moved away from competitive bidding and to a formula funding basis for our grant. This recognises that all RSLs need to come on the decarbonisation journey; and ensures that support is consistently available to them. The ORP investment sits alongside MRA funding and Dowry funding (for LAs and large-scale voluntary transfers (LSVTs)) of an additional £108 million per annum.

The remaining elements of the budget (circa £22m) will be utilised to support projects including supporting pilots linked to the area-based approach, continuing to support retrofit activities in the private rented sector in partnership with the Leasing Scheme Wales, and exploring other opportunities to support privately owned homes.

£35m capital funding is set out in the 2023-24 budget to support energy efficiency and fuel poverty schemes. This represents a 10% increase in budget compared to 2023/24.

In 2023/24, a funding contribution of £2.325m has been agreed to support two councils (Bridgend County Borough Council and Caerphilly County Borough Council) to undertake remedial works to support the repair of privately owned / rented homes damaged through the UK Government's Community Energy Savings Scheme Programme. In 2023/24 £2.320m has also been agreed to support Cardiff Council to undertake remedial work to privately owned hard-to-treat steel frame homes, also as part of a joint project.

The remaining element of the budget (circa £30m) is set to deliver energy efficiency measures through the Warm Homes Programme. While the details of a new scheme are yet to be fully developed, I expect to procure a new, demand led scheme which tackles both the climate emergency and fuel poverty towards the end of the year. There will be no gap in provision between the new and existing programmes. The financial split between the current Nest scheme and the new Programme will be monitored to optimise in-year delivery.

### **Recommendation 7.**

The Committee recommends that:

The Minister should explain the £15m reduction in capital allocation in the 'Residential Decarbonisation and Quality' BEL for 2023-24, including any assessment made on the impact on the delivery of the ORP.

#### **Response: Accept**

There is no reduction in the capital allocation in the 'Residential Decarbonisation and Quality' BEL for 2023-24. The BEL includes £108 million support for MRA and Dowry (equivalent to previous years) and an increased allocation of £92 million to the Optimised Retrofit Programme. £70 million of the ORP is indicatively allocated to social landlords, with the remaining £22 million reserved for pilot projects.

### **Recommendation 8.**

The Committee recommends that:

The Minister should clarify the number of social homes that have benefitted from the ORP to date. She should also provide details of any assessment made of whether the ORP is on track to have contributed to the decarbonisation journey of 148,000 social homes by the end of 2025 (as set out in Net Zero Wales).

#### **Response: Accept**

Current figures for ORP show that the following level of properties have benefitted from the scheme to date across the various phases:

Phase of ORP	Year	Number of Homes benefitting
ORP 1	2020/21	1,741
ORP 2.1	2021/22	1,802
ORP 2.2	2021/22	3,526
ORP 3.0	2022/23	5,426 (target numbers based on current finalised schemes but not final numbers)

The initial stages of ORP supported small numbers as the programme commenced, reflecting the test and learn approach of the early phases. The initial stages were also curtailed due to the COVID pandemic with access to homes, workforce and supplies compromised during this period. The numbers of properties supported have increased in subsequent years.

For the current phase of ORP we have changed our approach and moved away from the competitive bidding process that was used in previous rounds. We have moved to implement a formula funding basis for the grant which has been well received by our partners and responds to their feedback, and feedback raised by the Committee. This approach recognises that all Residential Social Landlords need to come on the

decarbonisation journey; and ensures that support is consistently available to them to support this.

During the 2022/23 financial year we are making £60m available via grant funding to social landlords and have provided indicative funding for the next two financial years based on £70 million. This allows for better planning by our partners and will, we believe, help to ensure that more homes are retrofitted across the remaining term of government increasing the scale and pace as all our partners are engaged in the programme.

ORP should not be seen as stand-alone in respect to the decarbonisation of Wales's social homes. Integral to the decarbonisation of the social housing sector is our planned new WHQS standard. I will shortly be bringing forward my response to the recent consultation on the revised Standard but fundamental to the way forward is our social housing providers undertaking whole stock assessments and developing target energy pathways for all social homes over the next three years. This is an essential element in the decarbonisation of our housing stock.

### **Recommendation 9.**

The Committee recommends that:

The Minister should clarify whether the draft budget 2023-24 includes allocation for the 'new programme' to support the delivery of a whole housing stock approach to decarbonisation.

### **Response: Accept**

The development of a whole housing stock approach to decarbonisation is intended to provide a long-term strategy for energy efficiency, fuel poverty and decarbonisation for the housing sector. It will help meet the expectations of our second carbon budget Net Zero Wales and integrate with broader housing objectives. The 'new programme' is expected to support the social, owner occupier and private rented sectors and is expected to be accessible to all, including those in the 'able to pay' category, but includes emphasis on funding worst homes first, including those in fuel poverty.

We intend for the approach to be developed through the learning from the Warm Homes and ORP programmes and aligned to other Welsh Government approaches such as the Welsh Housing Quality Standard and Local Area Energy Planning. A core element of the new programme will be learning from the collaboration and partnership that has been gained through our multiple housing programmes, for example working successfully with local authorities, Registered Social Landlords (RSLs), community groups and others.

Decarbonisation of privately owned homes is undoubtedly more complex than dealing with the social sector or those in fuel poverty so we will continue to apply the ORP ethos of 'test and learn'. ORP and the Innovative Housing Programme are already encouraging small scale local community initiatives, across housing sectors as a starting point.

It is intended that work can begin immediately with the evolution of existing mechanisms and project mobilisation to create an integrated approach to transition to the new programme. Funding for pilot schemes can be met from the Optimised Retrofit budget.

## **Transport**

### **Recommendation 10.**

The Committee recommends that:

The Welsh Government should continue to explore all opportunities to reduce fares to ease the impact of the cost-of-living crisis on public transport users in Wales.

Response:

#### **Response: Accept**

We are currently looking at a range of options to make bus travel easier and more accessible for all in the community by simplifying the fares and ticketing system. Current arrangements are very complex and inconsistent across Wales.

Options under consideration include better combined bus and rail ticketing, simplified cash fares, multi journey tickets and opportunities to target younger people when introduced.

Bus deregulation has resulted in a complex, fragmented system of fares and ticketing on local bus services across Wales. Our plans to introduce a franchised network will give us control over fares. We have recently re-let the contract for the T1 bus service and have been able to improve fares on this key strategic bus route.

We have tried to keep the recent increase in regulated rail fares as low as possible. Unfortunately given the disappointing budget settlement from the UK Government we cannot afford to deliver a lower increase or a wholesale freeze of rail fares in Wales.

We recognise rail fares are far more complicated for passengers than they need to be. That is why we have asked Transport for Wales to deliver simple, integrated ticketing solutions across public transport modes to help make public transport easier and more affordable for passengers to use. In addition, despite the challenging financial position, Transport for Wales are retaining a range of cheaper fares for passengers, including free travel for children when they travel with a fare paying adult.

### **Recommendation 11.**

The Committee recommends that:

The Welsh Government should ensure that TfW's budget is transparent, reflects all of its responsibilities and functions and is publicly available in good time.

#### **Response: Accept**

In order to ensure that TfW's budget is transparent and reflects all of its (current and future) responsibilities and functions, we will be undertaking an exercise in advance of the publication of the draft 24/25 budget to review the structure of the transport activities within the Climate Change MEG to ensure that they align with our programmes and priorities.

To ensure that these are publicly available in good time, we are progressing work to update Transport for Wales' Articles of Association and Management Framework. This will include publishing an annual timetable for working with TfW to produce and publish the Welsh Government's funding letter and TfW's business plan which better aligns with the publication of the Welsh Government's budgets and the Committee's scrutiny process.

## **Recommendation 12.**

The Committee recommends that:

The Welsh Government should provide more information about the specific policy interventions it expects to be delivered by the £35m allocated to the Ultra-Low Emission Vehicle Transformation Fund.

### **Response: Accept**

This funding includes activities to decarbonise the transport fleet as well to support the rollout of EV charging infrastructure.

We have already invested in a number of electric buses and will continue to expand this programme in line with the commitments set out in the Programme for Government and Net Zero Wales. We will shortly publish the report of the Bus Fleet Decarbonisation and Demand Aggregation Task and Finish Group, and our response and investment plans over the coming years.

The Welsh Government has developed a programme-level roadmap, setting out actions across five key priorities for Welsh Government and delivery partners for the next 3-5 years, pivotal to the successful **acceleration of EV charging infrastructure across Wales**, and meeting the defined KPIs set by the Strategy. ULEV will support the delivery of these priorities:

- 1. Establish a Programme Management Office (PMO) to govern delivery arrangements, set standards and monitor progress.** This will provide a centralised oversight and management of EV charging infrastructure, creating synergies and cross-collaboration between the public sector and private sector, to the benefit of different charging needs and consumers, from rural communities to public sector fleet.
- 2. Provide support, tools and guidance to enable local authorities (and private sector) to deliver the preferred network of EV charging infrastructure for Wales.** The objective is to optimise the delivery of charging infrastructure, fostering

collaboration between local authorities and private sector. This includes the set-up of a support function, as well as facilitating funding for local authorities.

**3. Engage with the private sector to ensure we optimise the delivery of the preferred network and foster public-private sector collaboration.** Understanding the private sectors' priorities for investment and charge point installation will allow the public sector to intervene where required to maximise equitable access to high quality EV charging for all, as well as avoid duplication of efforts. Incentives for the private sector may also be developed to encourage accelerated roll-out of the preferred network. Cross-sector knowledge sharing and lessons learned can help identify solutions to maximise network coverage across Wales.

**4. Develop the mechanisms, knowledge and tools to deliver the preferred network.** A number of mechanisms need to be in place to enable the delivery partners (TfW, local authorities and the private sector) to implement EV charging infrastructure across Wales. This includes review of regulation and policy, develop funding and financing mechanisms, to futureproofing the grid network and raising public awareness. Furthermore, suitable locations for renewable generation coupled with energy storage will be sought to assist in providing and futureproofing power for the preferred network.

**5. Leverage the resources and mechanisms necessary to rapidly deliver the preferred network in line with policy objectives.** Effective utilisation of the resources and mechanisms developed from priority actions 1-4 will enable projects to be developed and promoted across on-route, destination and on-street charging. Where feasible, the private sector will continue to lead the implementation and operations of the EV charge points across Wales, with expectation where TfW and local authorities will address charging infrastructure gaps, e.g. deliver chargepoints at rural sites deemed commercially unviable. Increasing coverage of EV chargepoints, particularly ultra rapid/rapid chargers across the strategic road network, will ease range anxiety and boost public confidence that long-distance travel is feasible, and encourage the switch from diesel/petrol vehicles to EVs. The role and influence of the public sector aims to ensure that all different charging needs and inclusivity are addressed.

### **Recommendation 13.**

The Committee recommends that:

The Welsh Government should share with the Committee its action plan for decarbonising taxis and PHVs and set out a timeline for consultation and implementation.

### **Response: Accept**

The Taxi and Private Hire Vehicle White Paper will be published in March and will be followed by a formal 12 week consultation. Although the focus of the consultation is not decarbonisation of the fleet, it will ask questions on emissions and vehicle age as

part of national standards and we anticipate respondents will wish to make wider points on the challenges around decarbonisation of the Welsh taxi fleet. Welsh Government officials are also planning a series of face-to-face and virtual engagement events as part of the consultation.

Over the course of the last year there have been two related challenges that need to be factored into plans to decarbonise the fleet – the cost of living crisis and the cost of electricity relative to diesel. In addition, there have been pressures on the global electric vehicle supply chain. My officials are in the process of updating the action plan against this context and are working with external partners to refine proposals for possible incentives as well as modelling potential scenarios for fleet transition. We will share the Action Plan, which will include a timeline for implementation, with the Committee once this work and the White Paper consultation have concluded.

#### **Recommendation 14.**

The Committee recommends that:

The Welsh Government should provide more information about the "deep reform" of active travel delivery mechanisms, including details of when outcomes can be expected and whether additional funding will be necessary. This should include specific information about the role TfW is expected to play.

#### **Response: Accept**

The planned changes will be set out in more detail in the delivery plan for Active Travel that is being developed in response to the review of the Act and the recommendations made by the Cross-Party working group on active travel. A restructuring of the Active Travel Board as a more independent scrutiny body is already underway. The new board is expected to commence work in April and will consider the draft Delivery Plan before it is finalised. The role of TfW in the active travel delivery system will be further strengthened and clarified. It is expected that all changes will be funded from existing active travel budgets.

#### **Recommendation 15.**

The Committee recommends that:

The Welsh Government should provide more information about the status of the Major Asset Renewal programme and the reasons for the apparent lack of progress since April 2022.

#### **Response: Accept**

This programme remains unfunded and we are taking development funds from existing budgets at present. Following publication of the Roads Review report and National Transport Delivery Plan, we have re-engaged Matthew Lugg OBE and his



team to assist us with development of the MAR programme to develop prioritisation methodology that is aligned with newly published policy.

The first MAR scheme – A494 River Dee Bridge renewal – is progressing well and should proceed to construction in 2024/25 if funding is available, followed by urgent schemes on the M4, again, subject to funding.

### **Recommendation 16**

The Committee recommends that:

The Welsh Government should work with local authorities to assess the backlog of local highway maintenance and develop a plan to address it.

### **Response: Accept**

The Local Government revenue settlement to help maintain roads in 2021-2022 was increased in year by £60m to £4.711bn (to allow authorities to manage their budgets more effectively over the medium term). This meant an increase of 5.2% at a Wales level on the 2020-2021 settlement. Funding provided through the Local Government Settlement is un-hypothecated, so Local Authorities may choose how to use this funding alongside their other resources to assess and maintain their local roads and active travel infrastructure. There was also £20m public highways refurbishment capital grant.

We have provided grant aid to all local authorities to assist with the introduction of the 20mph default speed limit. This funding could be used to undertake surveys of the highway network for the condition of road signs and markings, and the company undertaking the survey offered a discount to provide other highway condition data collected at the time.

### **Recommendation 17.**

The Committee recommends that:

The Welsh Government should provide reassurance that the £30m funding for introducing 20mph zones is sufficient to deliver the Welsh Government's ambitions and projected savings, and explain how the funding amount was determined.

### **Response: Accept**

The transitional costs were calculated to be £32.5m. The calculation of which was made as part of the [Regulatory Impact Assessment](#) for the introduction of the legislation to reduce the default speed limit on restricted roads in Wales from 30mph to 20mph. £11m was provided this financial year and £21.5 will be provided in the next.

## **Biodiversity**

### **Recommendation 18.**

The Committee recommends that:

The Welsh Government should provide an update within the next six months on progress in developing a "whole-government" programme for the nature emergency, including the timescales for implementation.

#### **Response: Accept**

The Biodiversity Taskforce has been established to mainstream biodiversity and deliver against the Programme for Government objective to embed biodiversity in all we do. Further details of the work programme will be provided within the next six months.

### **Recommendation 19.**

The Committee recommends that:

The Welsh Government should explain what impact the reduction of £1.4m for the 'Enabling Natural Resources' BEL will have on specific projects, programmes or interventions.

#### **Response: Accept**

Officials continue to work with the remaining ENRaW projects to maximise their delivery. Many have been negatively affected by the restrictions and implications of the Covid 19 pandemic which will result in a number underspending. Individual projects will not be restricted as a result of this budget change.

### **Recommendation 20.**

The Committee recommends that:

The Welsh Government should provide an update within the next six months on the progress of the 30x30 target in Wales, including reassurance that there is sufficient staffing resource with the right mix of skills to deliver on this agenda. This should include further information about progress towards the development of financial models to deliver the 30x30 targets.

#### **Response: Accept**

Following publication of the recommendations, the core group have agreed to continue to meet to oversee the implementation. Work is underway to co-produce the action plan underpinning the recommendations with a broader set of

stakeholders to support the approach of delivery by 'Team Wales'. An update will be provided within six months on delivery against the deep dive 30x30 recommendations.

### **Recommendation 21.**

The Committee recommends that:

The Welsh Government should provide details about the timeline for introducing statutory biodiversity targets and the legislative vehicle that will be used to bring them forward.

#### **Response: Accept**

Following the agreement of the Kunming-Montreal Global Biodiversity Framework on 18<sup>th</sup> December 2023, officials have begun the work of scoping appropriate statutory domestic targets to drive transformative action to tackle the nature crisis. The Government remains committed to working towards a statutory duty and targets to protect and restore biodiversity this Senedd.

### **Recommendation 22.**

The Committee recommends that:

The Welsh Government should provide reassurance that there is sufficient staff to progress the Marine Conservation Zone process and confirm how much of the £1.9m of the overall marine biodiversity allocation has been earmarked for this work.

#### **Response: Accept**

The Marine Conservation Zone designation process is an active priority for this Government and I can assure you it continues to be adequately resourced. Sufficient allocation of funding has been provided for this year to ensure the programmes delivery.

### **Recommendation 23.**

The Committee recommends that:

The Minister should provide an update on her consideration of whether the Nature Networks Programme can fund MPA feature condition assessments.

#### **Response: Accept**

The Improving Marine Conservation Advice (IMCA) project is one of several being delivered by NRW and funded through the Nature Networks Programme. The project will run for 3 years with provisional condition assessments expected in 2025.

**Recommendation 24.**

The Committee recommends that:

The Welsh Government should keep the Committee informed of the progress towards developing a replacement scheme for the EU LIFE programme after it ends in 2023-24.

**Response: Accept**

Unfortunately, there are currently no UK Government plans for a replacement scheme for the EU LIFE funding programme. We will continue to argue the case with the UK Government and keep the Committee informed of any progress. As things stand the last two projects in Wales that commenced in 2022/23 which Welsh Government is match funding will end in 2025/26.

## Forestry and Woodland

### Recommendation 25.

The Committee recommends that:

The Minister should report back to the Committee on take-up of the My tree, Our forest initiative in 2022-23, including total spend, the number of trees planted, and any assessment made of its impact on public attitudes towards climate change.  
Response:

#### **Response: Accept**

As of 28 February, 56,022 trees had been given away or planted on behalf of someone through the My Tree, Our Forest campaign. Over 50 hubs were open across Wales to give out trees between 15/11/22 and 19/12/22. The hubs re-opened on 20/02/23 and will be open until 31/03/23. There are also options for someone to have a tree posted for them or planted on their behalf.

The total budget for the campaign is £1.5 million, and we expect the campaign to be delivered within that total. Coed Cadw and their community partner Llais y Goedwig are monitoring the reaction to the campaign. Informal feedback reports a very positive reaction from people collecting their trees from the distribution hubs around the country, however evaluation of the success of the campaign will be carried out after the campaign has finished.

**Financial impact:** None.

### Recommendation 26.

The Committee recommends that:

The Minister should provide further details on the pilot projects to test approaches to private investment in forestry. This should include an indicative timetable for the development and delivery of these projects and the rollout of subsequent learning.

#### **Response: Accept**

The Woodland Finance Working Group recommended pilot approaches to securing private finance in woodland creation. The Integrated Natural Resources Scheme (INRS) which is being developed will support increased collaborative and partnership working between farmers, land managers, foresters and eNGOs to deliver actions and interventions at landscape scale. We intend to use this scheme as a funding mechanism for woodland creation pilots, ensuring that afforestation objectives align across Welsh Government initiatives and avoiding the need for a separate scheme.

INRS is currently being prepared for launch and we expect to receive the first applications in late Spring. When we have details on which pilots have been

successful with applications, we will evaluate whether we need to develop additional initiatives using lessons learnt from the scheme.

**Financial Implications** – None. Costs for the pilots will be met through the Integrated Natural Resources Scheme.

### **Recommendation 27.**

The Committee recommends that:

The Minister should explain the reason for the delay in the publication of the new Woodland for Wales Action Plan (due by the end of 2021) and the Timber Industrial Strategy (due by the end of 2022), and in the consultation on a long term strategy for the National Forest (due in January 2022). The Minister should also provide an update on timeframes for the publication of each of these.

### **Response: Accept**

The Trees and Timber Deep Dive published 39 recommendations in 2021 towards achieving the Welsh Government's forestry objectives. The Welsh Government is focussed on delivering these recommendations rather than publishing a further set of actions. A Deep Dive Delivery Panel has been established to oversee the delivery of the recommendations. Work on the Timber Industrial Strategy is underway with the aim of developing it by the end of 2023.

Rather than a published consultation on the National Forest, we took the decision to carry out targeted stakeholder engagement on our overall approach, alongside establishing two expert task and finish groups. The Task and Finish groups considered how to give woodlands National Forest status and the most suitable long-term delivery model for the National Forest. Recommendations were provided to Ministers at the end of 2022.

**Financial Implications** – None.

## **Environmental Governance**

### **Recommendation 28.**

The Committee recommends that:

The Minister should report back to the Committee on:

- the findings of the initial work to assess the costs associated with establishing and maintaining a permanent environmental governance body for Wales, and
- the outcome of her discussions with the IEPAW on future resource requirements for the service.

### **Response: Accept**

An initial estimate of the running costs for the permanent environmental governance body, based on the budget for similar bodies, was £2m per annum. A full scoping of the costs associated with setting up and maintaining the body will take place as the functions of the Commission are identified.

I can confirm that Welsh Government officials met with the IEPAW recently to discuss resourcing needs. These discussions will be used to inform our review and to identify whether additional support is required to ensure the IEPAW can carry out its functions effectively. A copy of the review, including details of any decisions taken as a result of it, will be issued to the Committee shortly.

### **Recommendation 29.**

The Minister should report back to the Committee on:

The Minister should clarify whether the IEPAW has submitted any reports following investigations into complaints made about the functioning of environmental law. If no reports have been submitted, the Minister should set out her understanding of the reason for the ongoing delay, in particular, whether it is due to lack of capacity and resource, or some other reason.

### **Response: Accept**

I can confirm that the first report of the IEPAW was submitted to me on 16 February. This report was in relation to the UK Government's proposed Retained EU Law (Revocation and Reform) Bill. The report, and my response to it, will be laid in the Senedd by 30 March 2023.

## **Natural Resources Wales**

### **Recommendation 30.**

The Minister should report back to the Committee on:

The Welsh Government should provide details on how and when NRW's funding gap will be addressed. This should include an update on progress in resolving the historic problem with pension liability.

### **Response: Accept**

Welsh Government has worked extensively over the past year with NRW on a review of baseline funding as well as on the development of service level agreements (SLAs) to build consensus on delivery requirements for key ministerial priorities and PfG commitments. I have accepted the detailed evidence in relation to the funding gap reported through that process. I will write to the Committee by 17 March 2023 to set out our plan to correct that position.

### **Recommendation 31.**

The Minister should report back to the Committee on:

The Welsh Government should publish, alongside the findings of the marine-end-to-end licensing review, an explanation of how the outcomes of the review will be taken forward.

### **Response: Accept**

A high-level summary report detailing the independent findings from the review of marine licensing will be published shortly along with a Statement setting out how the recommendations will be taken forward by my officials and NRW.



## **Waste**

### **Recommendation 32.**

The Minister should report back to the Committee on:

The Minister should report back to the Committee with details of any assessment made of the infrastructure investment required to support the delivery of the DRS. She should also clarify whether and how this is reflected in the budget allocation for 2023-24.

### **Response: Accept**

Deposit Return Schemes are a form of Extended Producer Responsibility which applies the polluter pays principle. The scheme sees businesses become responsible for the costs of managing the waste associated with the products they produce, which means that the operational and implementation costs, including infrastructure, fall to the sector. A Regulatory Impact Assessment setting out the costs and benefits of the scheme will be published alongside the regulations when they are brought to the Senedd later this year.

## **Flooding and Water**

### **Recommendation 33.**

The Minister should report back to the Committee on:

The Minister should explain whether and how the independent Flood and Coastal Erosion Committee's resources review and NRW's report on long-term investment requirements for maintaining flood assets have influenced the budget allocation for 2023-24.

### **Response: Accept**

Despite record levels of funding over this Government term, keeping pace with the impacts of climate change remains challenging. I welcome the work carried out by the Flood and Coastal Erosion Committee and Natural Resources Wales highlighting the long term work required to ensure that we can develop the skills we need across the flood sector – both public and private, to safeguard the future interests of Wales.

Wider budgetary pressures this Government is facing means that we have to make the best use of the funding available. Revenue funding to support the delivery of local authority flood risk activities increased by over 110% between 2021 and 2022. Pending Senedd budget approval, which we are intending to sustain this level of financial support in 2023-24 and, looking further ahead, increase it from 2024-25. We are working with our delivery partners, supported by expert input from the independent Flood and Coastal Erosion Committee, to develop and agree how we can best prioritise allocate this additional funding support to achieve optimal impact to reduce flood risk and impacts, tackle strategic challenges, such as long-term sector capability, while securing maximum value for money for the taxpayer. We are taking full account of the findings of the resources review from the Flood and Coastal Erosion Committee and work carried out by NRW. Both reports will help direct and support our decisions on future planning and funding. Officials will continue to work closely with the Flood and Coastal Erosion Committee, Risk Management Authorities and WLGA to ensure that we make best use of the funding available, supporting current delivery and continue to tackle the skills shortage that will support the future management and maintenance of our flood assets.

### **Recommendation 34.**

The Minister should report back to the Committee on:

- the level of funding that will be made available to NRW to deliver its programme of work designed to decrease the number of watercourses failing to meet good ecological status,
- any assessment made of the costs associated with delivering the cross-sector action plan on river quality, and
- how these have been reflected in the budget allocations for 2023-24

**Response: Accept**

There are three River Basin Management Plans which cover Wales. The Western Wales plan which is wholly in Wales, and the Severn and Dee plans which are both cross border plans.

The RBMPs confirm the action required to bring all water bodies into good ecological status. There are 933 surface and ground waterbodies in Wales with 40% of these achieving either good or better status (ecological and chemical status combined). This represents an improvement of 3% since 2015, and an 8% improvement since 2009.

For a large number of Wales' water bodies, it is either technically infeasible or disproportionately costly to achieve good status and these are therefore discounted from achieving good status.

Much of the work needed is undertaken by NRW in its role as Wales' principal environmental regulator and funded from their grant in aid. The Welsh Government has committed to provide over £40 million of additional funding between 2022-23 and 2024-25 to address water quality problems across Wales, including funding for nutrient management boards established to address SAC river catchment challenges. Wales' water companies, Hafren Dyfrdwy and Dŵr Cymru also have significant environmental investment plans which contribute to helping water bodies in Wales achieve good ecological status also.

## **Climate Change, Environment, and Infrastructure Committee**

Julie James MS  
Minister for Climate Change

3 March 2023

Dear Minister,

### **Provisional common framework for resources and waste**

The Committee considered the provisional common framework in relation to resources and waste in its meeting on 9 February. The Committee agreed that I should write to you concerning several issues that arose during our discussions.

#### **Purpose of the framework**

The framework has been in operation on an interim basis since the end of the transition period on 31 December 2020 but was not published until 4 January 2023.

Although the Welsh Government says that the framework will not affect the Senedd's competence, the practical effect of this new process on legislation and policy-making in the Senedd is unclear. We note that the framework will initially focus on devolved policy areas where a UK-wide approach has already been adopted. However, it may also serve as a mechanism to consider or facilitate a UK-wide or multi-nation approach.

The Welsh Government has outlined two types of policy decisions to be taken within the framework: 'policy creation' decisions and 'policy operational' decisions. However, the role of the Senedd and stakeholders in this process is yet to be defined.

- 1.** Can you clarify the position of the Welsh Government on the framework and its effect on the Senedd's competence? Are you satisfied that the framework does not constrain the Senedd's competence?
- 2.** Can you provide further details on the two types of policy decisions that will be taken within the framework and what role the Senedd or stakeholders will play in the decision-making process?

## Divergence

The framework has been created with the aim of managing policy divergence across the UK and sets parameters for determining acceptable levels of divergence. The framework states that it will provide dispute resolution in cases where diverging approaches could have a "demonstrable impact" on another party. However, it does not clarify what constitutes a demonstrable impact or provide any criteria for determining acceptable levels of divergence. As a result, it is unclear what divergence will be deemed acceptable and what could lead to a dispute under this framework.

- 3.** Can you provide a definition or criteria for what would be considered a "demonstrable impact" under the framework for the purposes of dispute resolution?
- 4.** Can you provide any examples of Welsh Government policies that are expected to be introduced during this Senedd term under this framework which might have a "demonstrable impact" on another party?

## New structures

The framework outlines new structures for decision-making, including establishing a resources and waste working group of policy officials who will make day-to-day decisions and report to senior officials and relevant government ministers. The working group will initially meet monthly, then quarterly, but the change in frequency is not explained.

The framework mentions the possibility of sub-groups and a joint project board and technical adaptation committee but provides no further details on their membership or purpose.

- 5.** Can you explain the role of the resources and waste working group? Can you provide the rationale for the change in the frequency of the working group meetings and when this change will occur?
- 6.** Can you provide further details on the purpose and membership of the sub-groups, joint project board, and technical adaptation committee established by the working group?

## UK Legislation

The UK Internal Market Act sets market access principles to ensure goods and services sold in one part of the UK can be sold in any other part. However, the framework does not reference the process for considering and agreeing to exclusions from the UK Internal Market Act.

The framework states it is underpinned by retained EU law and minimum standards. It is unclear what impact the Retained EU Law Bill will have on the framework, in particular where the consequences of the Bill lead to divergence.

7. Can you explain how the provisions of the UK Internal Market Act will interact with the framework and whether the framework will be updated to reference the exclusion process agreed upon in December 2021?
8. Can you elaborate on the implications of the Retained EU Law Bill on the framework?

### International obligations

The framework includes references to the UK and Welsh governments' international obligations. The management of these obligations is based on the Devolution MoU and its accompanying International Relations Concordat. The framework provides an opportunity to consider the impact of international trade, but it is unclear how it will specifically interact with international trade negotiations.

9. Can you explain how the framework will interact with international trade negotiations and whether relevant provisions being agreed upon in trade negotiations would be subject to this common framework process?

### Stakeholder engagement

The framework does not mention how stakeholders were engaged in the development process or what their views were. The framework says that the "interface with regulatory bodies will continue to be developed", but it does not explain the relationship with regulators.

The framework treats engagement with parliaments and stakeholders differently, saying that legislatures will be engaged in developing legislation and stakeholders in developing policy. The reason for this distinction is not explained.

This Committee has previously recommended that the Welsh Government should routinely involve stakeholders in developing frameworks.

10. Can you provide information on how stakeholders, including Natural Resources Wales, were involved in developing the framework?
11. Can you clarify the process for external stakeholder engagement outlined in the framework and explain why there is a distinction between engagement with parliaments and stakeholders in developing legislation and policy?

### Reporting and transparency

The framework has been operating for over three years but has only recently been published. The reason for the delay in publication is unclear.

The UK and Welsh governments have agreed to report on the framework and other common frameworks, but the specifics of when and how reporting will take place have yet to be finalized.

There is currently no clear plan for how parliaments and stakeholders will receive updates on the operation of the framework.

**12.** Can you explain the delayed publication of the framework?

**13.** When will regular reporting on the functioning of the framework begin?

### **Review and amendment of the framework**

The framework outlines a review process that will occur after six months, after one year, and then three years. The reason for these specific timescales is not explained in the framework. The Welsh Government has agreed to notify the Senedd and stakeholders and to consider their recommendations before concluding a review. However, this commitment is not yet reflected in the text of the framework.

This Committee previously recommended in its report on the air quality and chemicals and pesticides frameworks that the Welsh Government should work with the UK Government towards providing a defined role for UK parliaments in reviewing common frameworks. This view was supported by the Senedd's ETRA Committee and the House of Lords Common Frameworks Scrutiny Committee.

**14.** Could you explain the reasoning behind the timescales specified in the framework for reviews to take place after six months, one year, and three years?

**15.** Could you explain how you will ensure the text of the framework will reflect your commitment to notify the Senedd and stakeholders and to consider their recommendations before concluding a review?

**16.** Could you update the Committee on the steps you have taken to seek an inter-governmental agreement to provide a clearly defined role for UK parliaments in reviewing common frameworks?

I would be grateful if you could provide a response within 30 working days, by 19 April 2023 at the latest.

Yours sincerely,



Llyr Gruffydd MS,  
Chair, Climate Change, Environment and Infrastructure Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg. / We welcome correspondence in Welsh or English.

# Agenda Item 5.3

Y Gweinidog Newid Hinsawdd  
Minister for Climate Change



Llywodraeth Cymru  
Welsh Government

Ein cyf/Our ref MA/JJ/2983/22

Huw Irranca-Davies MS  
Chair  
Legislation, Justice and Constitution Committee  
Senedd Cymru  
Cardiff Bay  
Cardiff CF99 1SN

[SeneddLJC@senedd.wales](mailto:SeneddLJC@senedd.wales)

1 March 2023

Dear Huw,

I am writing ahead of your Committee's consideration to inform you that following the re-laying of the draft Packaging Waste (Data Collection and Reporting) (Wales) Regulations 2023 in the Senedd on 14 February 2023, four minor cross-referencing errors have subsequently been identified in the following places in Schedule 2 to the Regulations:

- Paragraph 2(2)(a) – cross-refers to regulation 11(3)(a) but should instead cross-refer to regulation 11(4)(a).
- Paragraph 2(2)(b) – cross-refers to regulation 11(3)(b) but should instead cross-refer to regulation 11(4)(b).
- Paragraph 5 – cross-refers to regulation 11(3)(b) but should instead cross-refer to regulation 11(4)(b).
- Paragraph 7(1) – cross-refers to regulation 11(3)(b) but should instead cross-refer to regulation 11(4)(b).

The errors are very minor and I will therefore ensure that these Regulations are corrected to deal with these points prior to making.

In addition to notifying the Committee of my intentions I will also draw this to the attention of Senedd members in the plenary debate on the Regulations scheduled to take place on 14 March. This is in accordance with the steps that the Counsel General set out in his correspondence with you on 18 January and 15 February 2023.

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:  
0300 0604400

Bae Caerdydd • Cardiff Bay  
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[Gohebiaeth.Julie.James@llyw.cymru](mailto:Gohebiaeth.Julie.James@llyw.cymru)  
[Correspondence.Julie.James@gov.Wales](mailto:Correspondence.Julie.James@gov.Wales)

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.



I am copying this letter to the Chair of the Climate Change, Environment and Infrastructure Committee.

Yours sincerely,

A handwritten signature in blue ink that reads "Julie James". The signature is written in a cursive, flowing style.

**Julie James AS/MS**  
Y Gweinidog Newid Hinsawdd  
Minister for Climate Change

# Agenda Item 5.4

Iddu J. Jones MS/MS  
Y Gweinidog Newid Hinsawdd  
Minister for Climate Change



Llywodraeth Cymru  
Welsh Government

Ein cyf/Our ref: MA/JJ/3009/22

Llyr Gruffydd MS

Chair

Climate Change, Environment, and Infrastructure Committee

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Huw Irranca-Davies MS

Chair

Legislation, Justice and Constitutional Committee

[SeneddLJC@senedd.wales](mailto:SeneddLJC@senedd.wales)

28 February 2023

Dear both,

I am pleased to share with you and your Committees the finalised Framework Outline Agreement for the UK Emissions Trading Scheme (the FOA) and the related Concordat, to coincide with their publication.

The FOA establishes common expectations around key areas of cooperation in the implementation of the UK Emissions Trading Scheme (UK ETS), in the context of the UK's departure from the EU. All four UK administrations agreed to work together to establish common approaches, known as Common Frameworks, in policy areas previously governed by EU law, and which intersect with areas of devolved competence. The Concordat establishes a governance framework in which decisions relating to the UK ETS will be made.

Officials in the Welsh Government, together with their counterparts across the UK, have been working jointly to develop this FOA and the Concordat.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

The set of documents can be found at: <https://www.gov.uk/government/publications/uk-emissions-trading-scheme-common-framework>

Yours sincerely

A handwritten signature in blue ink that reads "Julie James". The signature is written in a cursive style with a large initial 'J'.

**Julie James AS/MS**  
Y Gweinidog Newid Hinsawdd  
Minister for Climate Change

# Agenda Item 5.5

Gwybysgar Llyfron Gyhoeddus a  
Gweinyddiaeth Gyhoeddus

—

## Public Accounts and Public Administration Committee

**Senedd Cymru**

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Martin Buckle  
Flood and Coastal Erosion Committee

7 March 2023

### Flood Risk Management in Wales

Dear Martin,

At its meeting on 15 February 2023, the Public Accounts and Public Administration Committee considered the findings of the Auditor General's report: 'A Picture of Flood Risk Management'.

To further inform our considerations in this area, please provide a copy of your review of resources report that we understand is available on request.

I am copying this letter to the Chair of the Climate Change, Environment, and Infrastructure Committee for information.

Thank you



Mark Isherwood MS  
Chair of the Public Accounts and Public Administration Committee

Cc'd to the Chair of the Climate Change, Environment and Infrastructure Committee.

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.

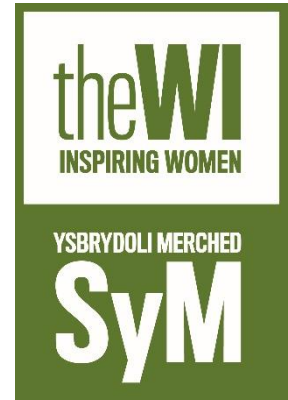
# Agenda Item 5.6

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8 March 2023

Llyr Gruffydd MS  
Chair  
Climate Change, Environment and Infrastructure Committee  
Senedd  
Cardiff Bay  
Cardiff CF99 1NA



Annwyl Llyr Gruffydd AS

Further to the recent announcement by the Welsh Government that the Bus Emergency Scheme will end in June, I am contacting you regarding our concerns about the potential impact of this decision on bus services across Wales, in particular services in rural communities.

Bus services play a vital role in ensuring communities remain sustainable, reduce social isolation and ensure access to employment, education, local facilities and health services. Cuts to bus services disproportionately impact women.

In research published by the NFWI in 2021, 52% of respondents in Wales told us that their local bus service had been reduced in the last 3 years. As a result of these changes, 23% said they are now unable to make this journey and 20% said they leave the house less frequently. 52% told us that their access to basic services had been negatively impacted and 38% said the same about accessing health services and 48% about social activities. Moreover, 28% of respondents said this had negatively impacted their mental health and 32% felt more isolated.

We have welcomed the ambitious plans set out by the Welsh Government in Llwybr Newydd and Bws Cymru along with the commitment to introduce legislation for bus reform later in the year. However it will take time for these to come into effect. We would like to see action taken now to protect bus services from further cuts which could impact significantly on people who rely on buses. Additionally, in order to encourage people to move away from their reliance on cars, it will be essential that people can access an affordable, accessible and reliable public transport network. Long-term, sustainable funding for bus services will be key to delivering this.

We would be grateful for your support in highlighting our concerns.

Yn gywir

Rhian Connick  
**Head of NFWI-Wales**

# Agenda Item 8

By virtue of paragraph(s) vi of Standing Order 17.42

Document is Restricted