

Agenda – Climate Change, Environment, and Infrastructure Committee

Meeting Venue:

Committee room 4 Tŷ Hywel
and video Conference via Zoom

Meeting date: 5 March 2026

Meeting time: 09.30

For further information contact:

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Hybrid

Private pre-meeting (09.15–09.30)

Public meeting (09.30–12.15)

1 Introductions, apologies, substitutions, and declarations of interest

(09.30)

2 General scrutiny of the Cabinet Secretary for Economy, Energy and Planning

(09.30–11.00)

(Pages 1 – 41)

Rebecca Evans MS, Cabinet Secretary for Economy, Energy and Planning

Neil Hemington, Chief Planner – Welsh Government

Edward Sherriff, Deputy Director Energy – Welsh Government

Attached Documents:

Research brief – General scrutiny of the Cabinet Secretary for Economy,
Energy and Planning

Paper – Welsh Government



Break (11.00–11.15)

3 Evidence session with Dŵr Cymru Welsh Water

(11.15–12.15)

(Pages 42 – 56)

Roch Cheroux, Chief Executive Officer, Dŵr Cymru Welsh Water

Attached Documents:

Research brief – Dŵr Cymru Welsh Water

Paper – Dŵr Cymru Welsh Water

4 Papers to note (12.15)

4.1 Scrutiny of Natural Resources Wales

(Pages 57 – 75)

Attached Documents:

Letter from the Chair to the Chair of Natural Resources Wales in relation to the annual scrutiny of Natural Resources Wales

Response from the Chair of Natural Resources Wales to the Chair in relation to the annual scrutiny of Natural Resources Wales

4.2 Restoration of opencast mining sites

(Pages 76 – 80)

Attached Documents:

Letter from the Chair to the Cabinet Secretary for Economy, Energy and Planning in relation to the Ffos-y-Fran revised restoration scheme

Response from the Cabinet Secretary for Economy, Energy and Planning to the Chair in relation to the Ffos-y-Fran revised restoration scheme

4.3 Legislative Consent: Railways Bill

(Pages 81 – 84)

Attached Documents:

Letter from the Chair of the Legislation, Justice and Constitution Committee

to the Cabinet Secretary for Transport and North Wales in relation to the Legislative Consent Memoranda on the Railways Bill

4.4 The Deposit Return Scheme

(Pages 85 – 99)

Attached Documents:

Response from the Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs to the Chair of the Legislation, Justice and Constitution Committee in relation to Deposit Return Scheme – Application for Deposit Management Organisation

Briefing on the Deposit Return Scheme from Mick Antoniw MS on behalf of the Cross-Party Group on Littering, Fly-tipping and Waste Reduction

4.5 Annual scrutiny of the National Infrastructure Commission for Wales

(Pages 100 – 104)

Attached Documents:

Letter from the Chair to the Chair of the National Infrastructure Commission for Wales in relation to the annual scrutiny of the National Infrastructure Commission for Wales

4.6 The Windsor Framework (Retail Movement Scheme: Plant Health) (Amendment) Regulations 2026

(Pages 105 – 106)

Attached Documents:

Letter from the Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs to the Chair in relation to the Windsor Framework (Retail Movement Scheme: Plant Health) (Amendment) Regulations 2026

4.7 Challenges and opportunities for Welsh public services

(Pages 107 – 123)

Attached Documents:

Letter from the Auditor General for Wales to the Chairs of the Finance Committee and the Public Accounts and Public Administration Committee in relation to challenges and opportunities for Welsh public services

4.8 Legislative Consent: Cyber Security and Resilience (Network and Information Systems) Bill

(Pages 124 – 128)

Attached Documents:

Submission from the Association of British Insurers to the House of Commons Bill Committee on the Cyber Security and Resilience (Network and Information Systems) Bill

4.9 General scrutiny of the Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs

(Pages 129 – 136)

Attached Documents:

Letter from the Chair to the Deputy First Minister & Cabinet Secretary for Climate Change and Rural Affairs following the 11 February general scrutiny session

5 Motion under Standing Order 17.42 (vi) to resolve to exclude the public from the remainder of this meeting

(12.15)

Private meeting (12.15–13.00)

6 Consideration of evidence received under items 2 and 3

7 Consideration of key issues: Legacy report

(Pages 137 – 168)

Attached Documents:

Paper – Committee Legacy

Document is Restricted



Economy, Energy & Planning

05/03/2026

The Climate Change, Environment and Infrastructure Committee has invited the Cabinet Secretary for Economy, Energy and Planning to attend a general scrutiny session on 5 March 2026.

This paper is intended to inform the discussion, providing an update on policy developments in these areas, and progress the Welsh Government has made.

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1. Strategic Development Plans

Strategic Development Plans provide an opportunity to plan on a wider than local basis, address cross boundary issues, achieve a better quality of life for residents, enable businesses to grow and maximise investment.

The Strategic Development Plan (SDP) Regulations came into force 28 February 2022. All four Corporate Joint Committees (CJCs) have been able to exercise the strategic planning function from 30 June 2022. Local Authorities (LAs) have been working together to initiate CJCs and ensure speedy progress on SDPs can be made.

The previous Minister wrote to all four CJCs in 2023 setting out our expectations which include the submission of a Delivery Agreement, demonstration of some technical work, and the employment of an officer by 2024.

An updated Draft SDP Manual was published on the 9 September 2022 for informal consultation setting out more detail on the scope and content of a plan. A formal consultation is anticipated for the winter of 2026.

Ministers have met with all the CJC leaders on an ongoing basis to discuss Regional Transport Plans and SDPs. It is important to have ongoing discussions so all parties can understand their expectations, with Welsh Government officials assisting in the provision of technical advice for SDPs, as well as utilising Transport for Wales for RTPs.

We welcome the progress from South-East Wales in being the first region in Wales to formally agree a Delivery Agreement (20 August 2025). This is an important milestone as, now agreed by Welsh Ministers, it marks the formal commencement of the SDP process.

North Wales CJC have consulted on a Draft Delivery agreement and are anticipated to formally agree and receive sign off by Welsh Ministers on a Delivery Agreement by the end of March 2026. This will mark their formal commencement of the SDP process.

South-West Wales CJC are progressing technical work on a Draft Delivery Agreement, although there are concerns regarding the finance being in place to progress an SDP.

2. Promoting the Welsh Language through the planning system

The Welsh language is part of the social and cultural fabric of Wales, and its future well-being will depend upon a wide range of factors, particularly education, demographic change, community activities and a sound economic base to maintain sustainable communities and places for the language to thrive.

The Welsh Government's aims and ambitions for the Welsh language are set out in the Welsh Language Strategy – Cymraeg 2050: a million Welsh speakers. The strategy recognises the need to provide accessible opportunities to use the language in education, social and work settings. The strategy also identifies the imperative need to create favourable circumstances to increase the number of Welsh speakers. This involves securing goodwill towards the language and providing language infrastructure such as technology and legislation but is also concerned with securing an economic and social future for Welsh speaking communities.

Through the Planning (Wales) Act 2015 the Welsh language became, for the first time, a consideration in planning legislation created in Wales. Our planning system is plan-led, in which decisions on planning applications must be taken in accordance with the adopted development plan, unless outweighed by other material considerations. The Planning (Wales) Act and Technical Advice Note 20 state the Welsh language should be ingrained into Local Development Plans through the Sustainability Appraisal, which should include a Welsh language impact assessment. It therefore becomes a consideration in planning decisions and appeals where relevant.

Planning Policy Wales (PPW) states that development plans and proposals should be prepared within the context of the key planning principles of the planning system. Planning authorities should ensure that social, economic, environmental, and cultural benefits are considered in the decision-making process and assessed in accordance with the five ways of working to ensure a balanced assessment is carried out to implement the Well-being of Future Generations Act and the Sustainable Development Principle. Key factors in the assessment process include cultural considerations where it should be considered how far a proposal supports the conditions that allow for the use of the Welsh language.

The future of the language across Wales will depend on a wide range of factors beyond the town and country planning system, particularly education, demographic change, community activities and a sound economic base to maintain thriving sustainable communities. The planning system can contribute to the future wellbeing of the Welsh language, by establishing the conditions to allow sustainable communities to thrive. For example, creating conditions for well-paid employment opportunities and a range of quality housing options are integral to planning for sustainable communities.

In February 2025, the Commission for Welsh-speaking Communities published its report on Town and Country Planning. The Welsh Government will publish its response to the report in the near future.

3. Planning resource in Local Planning Authorities

Ensuring that Wales has enough planners and related professionals, with the right skills in the right areas, is fundamental to the delivery of our policies.

A range of immediate measures has been introduced to speed up decisions on infrastructure schemes, including renewable energy projects.

- Additional resources have been provided to Planning and Environment Decisions Wales.
- Natural Resources Wales has been provided with additional funding.
- New Fee Regulations took effect on 01st December 2025. This marks the largest investment in our planning services in recent years. Over time, these changes will strengthen the resilience and capacity of our planning services and ensure financial sustainability.
- Planning Directorate has funds available to support additional capacity in local planning authorities.
- We are supporting bursaries through the Pathways to Planning scheme.

To gain a fuller understanding of future workforce requirements we have commissioned the Royal Town Planning Institute Cymru to undertake a workforce planning study. It will provide a detailed picture of the resource and skills situation across the planning service. This will allow consideration of a more focused targeting of resources. The report will be published by the end of February 2026.

Welsh Government is currently working with Net Zero Industry Wales to develop an approach where developers make a financial contribution to a fund held by NZIW that can be utilised by planning and consenting bodies in Wales to address immediate resource pressures.

This approach recognises the high volume of projects in Wales covering net zero and renewable energy infrastructure that is currently placing unprecedented demands on consenting bodies in Wales.

With resources held by NZIW this approach looks to address the current pressures within consenting bodies in Wales while maintaining the independence between those bodies and the developers.

4. Implementation of the Planning (Wales) Bill - Stakeholder Engagement

Engagement has been central to the development of the Planning (Wales) Bill and accompanying Planning (Consequential Provisions) (Wales) Bill. A commitment to working collaboratively with practitioners, stakeholders and the wider public has shaped every phase of the project and will continue to do so through to its future implementation.

Significant stakeholder engagement was undertaken through the Law Commission's scoping paper and [public consultation](#), which highlighted the complexity of existing legislation and generated strong support for consolidation. During the drafting process of the Bills, the Welsh Government continued to work closely with practitioners and other stakeholders to ensure they preserved the existing legal effect and accurately reflected how the law operates in Wales. Following the introduction of the Bills to the Senedd in September 2025, stakeholders consistently offered positive feedback during the Legislation, Justice and Constitution Committee's (LJCC) oral evidence sessions, praising the high level of engagement, openness, accessibility, and constructive dialogue throughout the process.¹

Subject to Senedd approval of the Bills and receiving Royal Assent, responsibility for implementation will sit with the next government. However, as set out in the Explanatory Memorandum to the Bills and supported by evidence given by the Counsel General and Minister for Delivery to the LJCC, it is anticipated the positive approach to engagement will continue during the 18-month implementation period.

Subject to the agreement of the next Government, both the Explanatory Memorandum and the committee evidence anticipate a package of measures and activities to support stakeholders during this period. This includes providing:

- Accessible, bilingual guidance to support all stakeholders to understand the Bills and how they affect them. This will be tailored to the needs of different audiences. In particular, practitioners will receive guidance to help them identify and implement any necessary changes prior to commencement, such as updating back-office systems, amending forms and revising website content.
- Updates to key guidance and policy documents which impact decision-making and plan-making, such as the Development Management Manual, the Development Plans Manual, and Planning Policy Wales (PPW).

¹ [See transcripts for oral evidence sessions – Initial Consideration \(15 September 2025 – 16 December 2025\)](#) and the [LJCC Report on the Planning \(Wales\) Bill and the Planning \(Consequential Provisions\) \(Wales\) Bill. November 2025](#)

- Familiarisation webinars, open to local authorities, the private sector, and the third sector.

The most significant part of the implementation phase is the making of the subordinate legislation required to commence the Bills. In addition, numerous statutory instruments (SIs) will need to be amended and restated to align with the new primary legislative framework. Practitioners have warmly welcomed this approach as a major step toward greater clarity and usability. This consolidation of SIs will not only enhance accessibility, but also provide the coherent, modernised bilingual structure that practitioners have repeatedly said they need when working with the new Bill.

Given the volume of instruments involved and the need to commence the Bills in a timely manner, this work is proposed to be delivered in two distinct phases. Phase one will be timed to coincide with commencement of the Bills. It is anticipated to include bringing forward Welsh Statutory Instruments making consequential amendments to existing planning-related subordinate legislation, as well as making new provision for the protection of trees. In addition, a small number of the instruments most frequently used by practitioners or requiring substantial updates will be restated as part of this implementation stage. Phase two will focus on restating the remaining legislation in a phased approach after the commencement of the Bills. Further detail is anticipated to be set out in the next Government's Accessibility of Welsh Law programme, to be published in the next Senedd term. The [Government's response](#) to recommendation 6 of the LJCC's Initial Committee Consideration report on the Bills offers further insight into this phased approach and ongoing engagement with stakeholders.

The Welsh Government's approach to implement the Bills is to provide stakeholders with the tools they need to help them navigate the changes, while providing channels for raising specific questions as they begin to apply the new legislation in practice. The Welsh Government will maintain regular engagement with stakeholders through routine government business and established events, such as quarterly meetings with the Planning Officers Society Wales (POSW), to ensure that the implementation is smooth, supportive and collaborative.

The Bill is not something practitioners need to fear. Its effect remains the same: it introduces no new policies or substantive provisions, and organisational practices will not change. While some terminology has been modernised, the drafting is clear and accessible, and familiarity will develop naturally as practitioners begin using the consolidated legislation.

A final, detailed implementation programme will be published by the next government following the Bills receiving Royal Assent.

5. Ports

Infrastructure

Welsh ports provide a vital 'land bridge' link for freight and goods between Ireland, GB and beyond. Ports such as Pembroke Dock, Fishguard and Holyhead are vital gateways for the UK's national economy. We will continue to work with all key stakeholders to sustain these key routes in what are likely to be challenging years ahead in recovering lost traffic and eventual growing trade.

What would give them greater certainty would be to return to conditions where barrier-free trade was as close as possible to the circumstances we enjoyed before Brexit. We will also continue to raise the strategic importance of these trade routes with the Irish Government through the British and Irish Council.

Our Welsh ports and harbours are a focal point for inward investment, acting as a catalyst for economic development, delivering local jobs and services and benefits to the wider economy of Wales.

Climate Change and Environment

We have an ambition to develop a modern and productive Ports infrastructure which acts as a catalyst for sustainable growth, which has manifested through:

- 10-year Wales Infrastructure Investment Plan for a zero-carbon economy.
- The Wales Transport Strategy.
- The Marine Energy Programme.

Welsh Ports have the opportunity to be at the forefront of advances in more sustainable maritime technologies, supporting the transition to more efficient and lower-carbon logistics networks in Wales.

Our ports can support innovation in maritime propulsion systems and attract greener shipping to Wales. There is also possibility of using renewable energy, generated in and around Wales, to provide power to our ports and vessels using those ports.

Support to unlock the planned investment into ports is essential. The recent Offshore Wind Task and Finish group highlighted the need for market certainty on future pipelines to de-risk the investment needed to invest in port infrastructure ahead of signed contracts. Together with de-risking investment through market certainty, there is a need for government to identify the specific areas where investment from government will be prioritised, to develop hubs of activity for the offshore wind market. In Wales, Port Talbot and the wider south west Wales region offer a huge opportunity for the UK.

Given the importance of ports for the supply chain, a specific commitment from the UK Government for the National Wealth Fund to target investment in Welsh ports should be prioritised. This would include the Port of Port Talbot and Milford Haven Port Authority for south Wales, and the Port of Mostyn to support fixed offshore wind in north Wales.

Freeports

The Celtic and Ynys Môn Freeports are set to enable the delivery of development-ready land, tax incentives and simplified customs zones. The Freeport Programme in Wales is a joint initiative between the Welsh and UK Governments, designed to:

- Promote regeneration and high-quality job creation.
- Establish national hubs for global trade and investment and to foster an innovative environment.

The two strategic Freeports are now operational with designated tax sites:

- Anglesey Freeport, developing sites and support for a number of low carbon development opportunities and the electrification of port land and sea vehicles.
- Celtic Freeport – South/West Wales offering commercial incentives and ready-to-develop sites aligned with offshore wind growth strategy.

Both Freeports offer high-impact investment platforms that combine world-class locations, innovation and infrastructure

In terms of securing low carbon investment, capital development funds and the tax incentives offered in the Freeports will attract companies investing in green/low carbon technologies including tidal, nuclear, floating offshore wind, and carbon capture, utilisation, and storage. Celtic Freeport is also developing plans for producing alternative fuels (including hydrogen) and for advancing clean maritime transport. The Investment will upskill local people and create jobs in green engineering and construction, sustainable logistics and digital infrastructure. By supporting the build-out of clean energy clusters, our Freeports in particular will help anchor long-term economic activity and employment in the low carbon sector.

Shipping

Much of international and domestic shipping policy is reserved to the UK Government.

Climate Change and Environment

The UK Government will lead on international climate change negotiations on behalf of the devolved governments at the upcoming International Maritime Organization (IMO) to reduce greenhouse gas (GHG) emissions from international shipping.

The UK Emissions Trading Scheme Authority (comprised of Welsh Government, UK Government, Scottish Government, and Northern Ireland Executive) has expanded the scope of the scheme to include domestic maritime from 1 July 2026. The Authority has also consulted on the inclusion of international maritime.

The Welsh Government continues to support the UK Governments UK Shore project and encourages our ports to bid for funding through this programme such as the Clean Maritime Demonstration Competitions.

UK Shore helps provide support and incentives to drive investment into shore power and electric recharging infrastructure across UK ports to power a greener future shipping industry.

The Infrastructure (Wales) Act 2024 can support onshore power and electric charging infrastructure. This will establish a new process for consenting major infrastructure projects in Wales, including significant energy, waste, water and transport, projects. The Act will streamline and unify the decision-making process, helping to support port investment and the development of shore power for the shipping industry.

Maritime and Logistics plan

Under Llwybr Newydd - the Wales Transport Strategy 2021, we committed to develop a new Wales National Ports and Maritime Plan for Wales with Climate Change and the Environment being a key priority focus to consider how Welsh Port infrastructure development can contribute to decarbonising the Economy and Transport through the development of renewable energy opportunities at our Ports.

We recognise that the plan is overdue, but with the closure of the port of Holyhead in December 2024 and its clear impact on the industry, it was imperative that we reacted to that priority and waited for the conclusion of the Irish Sea Taskforce (set up as a response to that closure) before starting on this plan.

As a result of the Irish Sea taskforce and the Debate on the Economy, Trade and Rural Affairs Committee report: Holyhead Port Storm Damage and Closure - Initial Findings in July, it became apparent that stakeholders would prefer Government to publish a joint Freight and Logistics Plan, and Ports and Maritime Strategy. Following the conclusion of the Irish Sea taskforce meetings we issued a written statement on the recommendations. We decided that a combined port and maritime, freight and logistics plan would be preferable, given the strong links and interdependencies between the sectors.

As a result, one of the key recommendations of the Irish Sea Task force is for the Welsh Government to publish a set of priorities for a Port and Maritime, Freight and Logistics Plan before the end of Government term in preparation for the next Government. As part of that work, it will also establish a freight council and a truck stop mapping exercise for Wales which will be published by the end of this term of Government.

Preparatory work for the plan has already commenced. The Cabinet Secretary for Economy Energy and Planning and Cabinet Secretary for Transport and North Wales have agreed to a draft scope for the work, following internal consultation. This has been further refined following external consultation and feedback from key stakeholders and is currently being developed into a set of priorities. Before the end of Government term, we will publish this set of priorities in what we are now calling the Maritime and Logistics plan in preparation for the next Government. The published document will enable the next Government to clearly see what the priorities of the sectors are and be able to move them forward as the preparation work will be done.

We are currently developing some preparatory work on the formation of what we are now calling the Maritime and Logistics Council (MLC). We see the MLC as a natural follow on from the Irish sea taskforce. We do expect there to be the flexibility and ability to make changes to the membership even after the first meeting. The MLC's remit is likely to be wide ranging therefore flexibility is key. We hope to be able to update Committee on the

membership soon. We have aspirations for the new MLC to become a supportive driving force to help the next government deliver tangible benefits to the sectors.

6. Cardiff Airport

We have acknowledged the policy tensions between owning an airport, the significant economic benefits the Airport can deliver for Wales, and our need to address the climate emergency.

Cardiff Airport is committed to its business and infrastructure becoming carbon neutral, however, due to the current economic climate it is extremely challenging for any regional airport to achieve the objective of achieving Net Zero by 2050 across all of its operations. Despite this, the Airport has reduced carbon emissions from its ground operations to 700 tonnes of CO₂ annually, with an aim to reduce this further in the coming years.

The Welsh Government's strategy for the Airport aims to encourage the development and local adoption of more sustainable aircraft propulsion technologies and to reduce carbon emissions from the Airport's infrastructure and will enable the Airport to continue on its path to net zero.

The Airport has committed to the use of sustainable aviation fuel (SAF) and to offer this to airlines at Cardiff Airport as soon as practicably possible. However, we see SAF as an intermediate carbon reduction solution, as the industry looks to the development of new zero-emission aircraft, such as hydrogen-fuelled and electric powered aircraft.

The Airport is investing in a new solar farm to power its operations by April 2026.

Aviation policy is a reserved matter for the UK Government (UKG). The nature of air travel in the UK means that passengers, as well as freight operators, have the option to use airports across the UK, which has implications for the potential effectiveness of Welsh policies.

It is widely recognised that the greatest challenge in terms of making civil aviation sustainable is not related to any specific technical solution, but making positive change happen at the required pace.

We continue to work with the UK Government and other devolved governments, on progressing the SAF Bill through parliament, on the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) and on the UK Emissions Trading Scheme (UK ETS) Authority and how SAF could interact with the UK ETS scheme, as well as engaging on the Jet Zero initiative.

In late 2023, Ministers confirmed their intent to pursue a policy of ongoing, scalable financial support to Cardiff International Airport Limited to enable its economic growth potential and agreed that officials should complete work on the details of a long-term subsidy.

Last year, a case was referred to the Competition and Markets Authority for a Welsh Government subsidy package of up to £205.2 million, to be provided to the Airport on a phased basis, over ten-years.

On 2 April 2025, we issued a [Written Statement](#) following a decision to formally proceed with the subsidy. Following the Statement in April, the details of the Subsidy were published on the transparency database.

The Sustainable Aviation Fuel (SAF) Bill.

We have recommended that the Senedd consents to the relevant provisions in the SAF Bill which introduces a new revenue certainty mechanism to support the production of SAF in the UK. It would do this by designating a counterparty (a company wholly owned by the government) to engage in contracts with SAF producers to guarantee the price of the sale of eligible SAF. To finance the revenue certainty mechanism, the Bill would introduce a levy on conventional aviation fuel suppliers. The revenue certainty mechanism is intended to be a time-limited measure to stimulate an early market and help support the production of SAF across the UK. It will no longer be needed once investors have confidence in the market price, and the first-of-a-kind technology has proved itself at commercial scale.

The Bill is intended to realise the economic benefits associated with developing the domestic sustainable aviation fuel industry, help secure the supply of such fuel, and establish the UK as a global leader in the decarbonisation of the aviation sector.

With a long-established aerospace sector, its rich industrial history and highly skilled workforce, Wales is looking towards a more sustainable future. We are well placed to play a significant role in developing feedstocks of SAF from non-agricultural sources. We are already making positive progress in this regard and we look forward to Wales securing the additional future economic benefits that this will bring, such as the jobs and wealth generated from SAF plants located in Wales.

The Bill provides a suitable platform with a unique opportunity to tackle climate change for the aviation sector, on a UK wide approach. Moving to implementation, if this Bill is passed, we will ensure the Welsh Government continues to work closely with our partners and stakeholders in Wales, and across the UK.

7. Trydan Gwyrdd Cymru

Trydan Gwyrdd Cymru (Trydan), is the first state owned renewables developer in the UK and is wholly owned by Welsh Government. Trydan was first established in 2024 to develop renewable energy projects, particularly onshore wind, on the Welsh public estate, and maximise their value for the people of Wales. Trydan's establishment is in line with our **policy** to promote local ownership of renewable generation by Welsh organisations, to retain value in the Welsh economy.

Trydan Gwyrdd Cymru's goals are to:

- develop 1 GW of new renewable generation capacity by 2040, subject to grid capacity being available.
- be an exemplar developer, working with industry and communities.
- advise and work with the public sector, to realise locally owned renewable energy generation.

The Trydan team, based in Merthyr Tydfil, are working alongside Natural Resources Wales to develop wind farms on the woodland estate. The first three grid-scale wind projects were launched in July 2025, with the first round of public engagement for these projects held in Q4 2025. Further wind projects will be brought forward in 2026 subject to availability of development revenue. In addition to the wind projects, Trydan announced its first grid-scale solar project in December 2025, holding the first round of public engagement in January 2026.

Public sector led renewable energy developments on the Welsh public estate could make an important contribution to Wales's existing renewable energy generation and local ownership targets:

- Wales to generate electricity equal to 100% of its consumption from renewable sources by 2035.
- 1.5 GW of renewable energy capacity in Wales locally owned by 2035.
- all new renewable energy projects to have some local ownership.

Having wind farms where all the value stays in Wales is important for Welsh people to have confidence that they will benefit from a clean power system.

8. Ynni Cymru

Ynni Cymru is an organisation whose purpose is to expand locally owned renewable energy generation across Wales. It complements the great work already being undertaken by the Welsh Government Energy Service and by key community organisations like Community Energy Wales, especially around scaling up and increasing the impact of renewable energy assets across Wales. The team has an office at M-SParc, Ynys Môn.

Ynni Cymru continues to put Wales at the forefront of developing and delivering Smart Local Energy Systems (SLES). A SLES joins up different energy generation, storage, demand and infrastructure assets in a local area, making them operate more intelligently and deliver local benefits. There are multiple benefits from delivering Smart Local Energy projects, including retaining value locally, improving energy resilience and security, reducing greenhouse gas emissions, and enhancing network stability.

By March 2026, Welsh Government will have invested over £22.9 million through Ynni Cymru since 2024, supporting 79 projects across communities, the public sector, and small businesses. These projects will cut energy bills, strengthen local resilience, and move Wales closer to net zero and a just energy transition for all. This whole system approach, bringing together power and heat generation with smart controls and supporting EV charging, helps reduce the amount of large-scale infrastructure we will need.

Some great examples of projects include: Holywell Town Football Club installing a full smart energy system, cutting energy costs by up to 80% and freeing resources for grassroots programmes; and establishing the South Cornelly Local Energy Market, which has delivered a fair, community-owned model delivering up to 50% savings on household bills and reinvesting revenue locally.

The Ynni Cymru team is using the learning from delivering these projects to identify and inform where changed to regulation or market mechanisms which would enable similar projects to proliferate across Great Britain.

9. Nuclear Sector

On 13 November 2025, the UK Government announced that Wylfa on Anglesey had been selected as the site of the UK's first small modular reactor (SMR) nuclear power station, recognising the strong nuclear heritage and expertise of the area.

A part of the Industrial Strategy, this project is the first of its kind and expected to support over 3,000 high quality jobs in the local community and represents an initial investment of £2.5bn in Northwest Wales. Subject to contractual negotiations now underway between Great British Energy - Nuclear (GBE-N) and Rolls Royce SMR, further investment will be agreed to complete the initial phase.

The site will host 3 Rolls Royce reactors initially, with scope for an additional 5 reactors in future. SMRs are designed to be quicker to build than some traditional nuclear power stations, as modules are manufactured in off-site factories for on-site assembly. Each RR reactor is expected to deliver power for the equivalent of around 1,000,000 homes. North Wales, with its renowned strength and depth in advanced manufacturing, is ideally placed to support the manufacture of SMR modules for Wales, the UK and overseas.

This will provide a huge opportunity for nuclear construction related skills that will build on the Wales supply chain support for Hinkley Point C nuclear power station, especially supply chain companies in South Wales who are well integrated into that supply chain. To support the Wylfa developments is the Bangor University Nuclear Futures Institute, which is now the second largest university nuclear research group in the UK behind Manchester's Dalton Institute. Should all proceed as planned, alongside decommissioning work at Trawsfynydd nuclear power-station, North West Wales will have a major nuclear capability (people, skills, RD&I, supply chain, etc.).

To add to this is a proposal to build a medical radioisotopes and research reactor ARTHUR - primarily to supply medical radio-isotopes to the NHS and other health services but also to provide a source of neutrons which can be used for many other industrial purposes.

The vision is to build an end-to-end system of nuclear technical capability, from basic RD&I, through nuclear development and construction, conventional nuclear power operation to decommissioning and to build a hub for all the skills, training, education, apprenticeships, graduate teaching and post graduate research as a major UK critical mass and strength. Such a critical mass would pull on and collaborate with nuclear strengths and capability right across the North West Nuclear Arc - a geographical region which encompass Anglesey, Gwynedd, North East Wales and Cheshire, Greater Manchester, Lancashire and Cumbria - the greatest agglomeration of nuclear capability and capacity in the whole of the UK.

10. Renewable Energy Sector Deal and progress toward Renewable Energy Targets

The Renewable Energy Deep Dive Steering Group of stakeholders was formed in 2020 and resulted in 21 recommendations ranging from investment in skills to calls for the devolution of the Crown Estate. The third, and final, update on progress on the recommendations was issued in March 2024. The report demonstrated our efforts to transition our energy system from a reliance on fossil fuels to a strong, long-term, and sustainable renewables sector that retains the wealth for our communities in Wales. One of the remaining actions to be taken forward under the Deep Dive includes the development of a partnership initiative/ charter with the commercial renewable sector in Wales.

To fulfil this commitment, we are working with a Renewable Energy Sector Deal Task and Finish Group with the aim of publishing the sector deal in March 2026.

The sector deal is about ensuring we all understand the part we play in the delivery of renewable energy targets for the benefit of communities across Wales, within our legal requirements under the Wellbeing of Future Generations Act and Environment Act. This will mean removing barriers to retaining benefit and value in Wales, securing a just transition for communities, and making Wales an even more attractive place for new investment. Welsh Government has been clear Wales must feel the benefit of our renewable revolution.

The Sector Deal will highlight the areas of work required to help Welsh Government achieve its ambitious renewable energy target for Wales to generate renewable energy to meet our needs now and for the future.

Our target is to meet the equivalent of 100% of our annual electricity consumption from renewable sources by 2035, and to continue to keep pace with consumption thereafter. The Energy Generation in Wales report highlighted that in 2023, renewable electricity generation in Wales was equivalent to 53% of its electricity consumption, including losses. However, as electricity consumption is projected to increase significantly, this target is effectively a moving one.

Paramount to achieving our renewable energy targets is ensuring renewable energy generation in Wales has tangible economic and social benefits that are retained and realised by local communities across Wales. The purpose of a sector deal is therefore both to help us meet our targets and to ensure economic and social benefits for the people of Wales. The work on the sector deal commenced in summer 2025 with a large evidence gathering event to seek a range of views on the need for a sector deal and also what the focus might be. Following this a Renewable Energy Sector Deal Task and Finish Group was established consisting of developers, community representatives and Welsh Government officials. The Task and Finish Group has met throughout the autumn and winter and has identified supporting actions sitting within 7 key themes. The 7 themes are: enabling

environment; market and investment conditions; skills and the workforce; the grid in Wales; innovation and research; infrastructure and supply chains; and community ownership and benefits. Work on the sector deal is ongoing with the aim of publishing the deal in March.

The Sector Deal will address actions which encompass all technologies. This is different to the approach pursued by other Governments of the United Kingdom. The Welsh Government has resisted sector specific energy targets, and it would be problematic to justify a sector deal focussed on one industry. Therefore our preferred approach is for the sector deal to address the actions required across all sectors. These will cover actions required of the Welsh Government and the renewable energy sector (both the established technologies and the more innovative technologies). The Sector Deal could also evolve over time, so it does not become a stagnant document, reacting to current issues.

11. Implications of the GB Energy Act (2025) for Wales

The Great British Energy Act (2025) received Royal Assent on 15 May. The Act itself created the conditions for a new company to be established, requiring agreement of the Welsh Ministers to activity in areas devolved to Wales. In September 2025 the Secretary of State for DESNZ published the [Statement of Strategic Purpose](#) for Great British Energy (GBE). The Cabinet Secretary provided consent to this high level vision for GBE's activity with caveats around detailed operation, and subject to governance arrangements being established between Welsh and UK Governments.

The UK Government has now also published the Local Power Plan. This outlines the ambitions for GBE's activity to support community and local energy. To date UK Government has provided [about £9m for activities in Wales](#), which is being overseen by the Welsh Government to complement and build on our existing investments in renewable energy. Alongside other investment, this has supported the launch of the Ymestyn grant scheme, which provides some additionality to the existing set of offers in Wales.

It is important for GBE's funding and activity to complement the existing offer and landscape in Wales, which is well-established. The Welsh Government Energy Service (WGES) provides expertise and advice, enabling access to the Wales Funding Programme, which offers low-interest loans for public sector decarbonisation, Ynni Cymru's support for multi-technology smart local energy systems, and the Development Bank of Wales's local energy loan fund for community enterprises, and Welsh Government's Local Energy Grant Fund. We look forward to working with GBE as they develop their thinking on future provision across the UK.

Trydan Gwyrdd Cymru, Wales's public energy company developing renewable energy projects on the Welsh Government estate, is already working with GBE to share its expertise, particularly in effective working with Natural Resources Wales on public land. This could be a great opportunity in England for GBE to emulate Wales and develop a publicly- owned pipeline of wind projects.

Welsh Government is supportive of plans for GBE to work in partnership with The Crown Estate to bring forward offshore renewable energy projects and secure the economic benefits that large scale development can offer. The Welsh Government remains committed to seeking the devolution of the Crown Estate to ensure the benefits of the green industrial revolution remain within Wales.

Agenda Item 3

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

Document is Restricted

Llyr Gruffydd MS
Chair, Climate Change, Environment & Infrastructure Committee
Welsh Parliament
Cardiff Bay
Cardiff
CF99 1SN
By email: seneddclimate@senedd.wales

23 February 2026

Dear Chair,

Thank you for the invitation to give evidence to the Climate Change, Environment and Infrastructure Committee on 5 March. I welcome the opportunity to discuss the challenges facing Dŵr Cymru Welsh Water and the wider water sector and outline how we are responding as a company. I would like to use this letter to set out my early reflections on the role, the broader context in which we operate, and my vision for Dŵr Cymru — drawing both on my experience here in Wales and on my previous leadership roles across the global water industry, most recently as Chief Executive of Sydney Water.

Since joining the company, I have travelled across our operating area to meet colleagues from all parts of the business: I have been struck by the depth of commitment, professionalism and public service ethos of our people, and by the pride they take in serving customers and communities across Wales and Herefordshire.

I have also met the Welsh Government's Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs, Huw Irranca-Davies, along with executives from the company's regulators which has also been invaluable in helping me understand the context within which we operate.

I joined Dŵr Cymru in October 2025 and formally took on the role of Chief Executive in early January. I was immediately struck by the strong desire in Wales for improved collaboration between all interested parties to drive the improvements that are expected by our customers. The opportunity to develop a new planning and regulatory framework for Wales based on tackling the whole water system is very much welcomed. The current framework is outdated, inefficient, and hinders the outcomes that are desired in Wales. Delivering ambitious change will require pace, clarity and strong leadership, and I'm determined that Dŵr Cymru will play its part in supporting this change.

I have spent my entire career in the water sector, working in many different countries around the world, including as Chief Executive of four water companies operating under both public and private models.

The not-for-profit model under which Dŵr Cymru operates is a defining feature of the company and one of the principal reasons I was attracted to this role. It combines the discipline of a regulated utility with a clear public-interest purpose, ensuring that value generated is returned directly to customers and communities.

A new vision

We're not-for-profit. Every single penny we make goes back into looking after your water and environment. You can contact us in Welsh or English.

Rydym yn gwmni nid-er-elw. Mae pob ceiniog a wnawn yn mynd i ofalu am eich dŵr a'ch amgylchedd. Cysylltwch a ni yn Gymraeg neu yn Saesneg.

Dŵr Cymru Cyf. (No./Rhif 2366777)
A limited Company registered in Wales:
Cwmni cyfyngedig wedi'i gofrestru yng Nghymru:

Linea, Fortran Road, St Mellons, Cardiff, CF3 0LT

Last month, we shared with colleagues a new vision for the company: “To foster thriving communities by providing world class water services.” This new vision places an expectation on the business to deliver performance that is amongst the best in the world.

We are conscious that our performance is not where we want to be at present. It will take time to recover fully, but we are clear in our ambition. Furthermore, our role as one of Wales’s largest private companies goes beyond the maintenance of our network of pipes, treatment works and reservoirs; it is about supporting and helping to build thriving communities, be that through improving the environment, increasing the amenity value of our estate, educating customers and communities to value water, or through driving the economic impact of our expenditure and investment in the communities we serve. Our impact is great, but our potential to help support thriving communities could be even greater.

This vision is also aligned with the principles of the Wellbeing of Future Generations Act - legislation that I have been very impressed with, and which complements our ownership model and purpose.

Whereas it was the company’s ownership model attracted me to the role of Chief Executive at Dŵr Cymru, the collaborative ethos I have witnessed across key organisations we work with in Wales, has reassured me that in Wales there are common goals to work towards for the benefit of our communities and customers. Furthermore, the work ethic of colleagues across Dŵr Cymru and our supply chain has given me the confidence that we have the skills and expertise to make the improvements we all want to achieve. These have all been significant positives in my first few weeks in post; however, there are two areas which have been worse than I anticipated: 1) the condition of many of our assets after years of underinvestment, 2) the inconsistency and complexity of the regulatory framework as it currently exists.

A global perspective

Whilst the challenges facing the water sector in Wales and the UK are undeniably of great concern to customers and stakeholders alike, they are not unique in either scale or type. In short, many countries around the world are struggling with the need to upgrade ageing infrastructure to deal with the impact of our changing climate. More volatile weather patterns, population change, increasing customer expectations and environmental obligations have been common challenges in every company I’ve led.

Having worked in both private and public water companies, I have seen obvious benefits and drawbacks of each model, but the common challenge is addressing all of the issues at a price that is affordable to customers. The increasing cost of meeting the growing list of challenges at the pace at which many stakeholders want them to be delivered is unaffordable and unfinanceable. Therefore, difficult decisions need to be made on scale and pace of change. The customer voice is key in developing a plan that balances financeability and affordability with delivering a pace of progress that tackles the problems being stored up for future generations.

Looking ahead, and learning from global best practice, Wales has the perfect opportunity to create a new water systems planning approach and regulatory framework that will help deliver improvements in the areas prioritised by our customers, at a cost and pace that they can afford. I’m excited by the potential for the reform of the sector in Wales as outlined by the Independent Water Commission led by Sir John Cunliffe, and the subsequent Green Paper published by Welsh Government, albeit I would encourage the pace of change to be accelerated.

It is for this reason that Dŵr Cymru will embark on its largest ever customer engagement programme this year to help shape a new long-term strategy to deliver our new vision of “fostering thriving communities by providing world class water services” that will be built with our customers and based on their priorities. This will be supplemented next year by a Long-Term Capital and Operational Plan that will provide the detail on how we deliver our strategy over the coming 25 years. Our customer engagement programme will include large scale customer workshops, open consultations, and the creation of a new ongoing Customer Panel to inform our decision-making.

Regulatory Reform: A once in a generation opportunity

The current regulatory framework in England and Wales was largely designed at the time the water sector in England and Wales was privatised; this was before the creation of the Assembly, and before Dŵr Cymru was acquired as a not-for-profit company by Glas Cymru in 2001. It was not designed for today’s Wales.

Over numerous Price Review periods, the current regulatory framework has grown increasingly complex, and there is a strong case for reform that improves coherence and focuses more clearly on outcomes. Over the past couple of decades, it seems that a desire to keep bills low has been at the expense of service improvements and much needed funds to maintain and adapt the networks and assets we depend on.

This is not an argument for weaker regulation - robust oversight and accountability are essential - however, a system that is overly punitive risks constraining investment capacity, which in turn can undermine environmental performance and long-term resilience. This can create an unhelpful cycle in which the ability to improve outcomes is progressively weakened.

It is encouraging that the Independent Water Commission’s Report provides a thorough and well-considered assessment of the challenges facing Wales’s water systems, including diagnoses of the issues that need to be addressed. The Commission put forward a comprehensive set of recommendations, recognising that there are no quick or simple fixes and that responsibility for current problems cannot be attributed to any single organisation.

These recommendations are both bold and ambitious and there is a clear need for alignment of the different regulators so that all public health and environmental requirements are adequately reflected in funding by the economic regulator.

Change must now happen at pace, so that the regulatory system evolves in a way that better serves customers, communities and the environment. We will continue to engage constructively with the Welsh Government and our regulators to help shape and deliver reforms that achieve the best outcomes for Wales.

The new regulatory framework for Wales needs to be designed to work within the Welsh context, embracing the principles of the Wellbeing of Future Generations Act, provide alignment between a common vision (led by customer priorities) through clear regulation and agreed delivery plans for all organisations that impact on water systems in Wales. Wales has historically embraced collaborative approaches, and the water sector should be no different – getting companies, regulators and Government to develop and deliver a clear plan will allow smoother and more efficient delivery and accelerate the pace of change.

Similarly, a new regulatory framework in Wales also needs to ensure that the maximum possible funding is available for investment, but at a level that is affordable for our customers. Without shareholders, we rely on customer bills to cover expenditure costs and in order to limit the cost to them, we must priorities our

investment carefully to ensure every pound is spent where it can have greatest impact. Similarly, we must minimise any financial penalties that risk lowering funds available for investment to improve services. The scale of the current penalty regime does not benefit either our customers, or the environment. Any future incentive regime needs to consider our ownership model and avoid any unintended consequences of placing us at risk of greater financial or operational performance strain.

Any future regulatory change also needs to put greater emphasis on increasing maintenance funding to tackle the additional strain on our networks to cope with the impact of climate change and other factors.

Whilst bills have increased steeply in the past 12 months or so, we continue to support our most vulnerable customers with additional financial support. But future investment decisions which are guided by the requirements of government and regulators, need to be agreed within the context of what is affordable by our customers. With this in mind, I was very pleased that the Welsh Government has referenced this point in its Green Paper by noting: *“It would mean that, for each price review, you could start with a broadly defined envelope of affordability, financeability and deliverability and then work to that envelope, rather than starting with what you might want to invest in and letting that drive the cost. Given the ongoing, high levels of investment anticipated to be necessary in the water sector, this would represent an important shift in ensuring future plans are affordable and would provide a better mechanism for making choices about priorities and trade-offs.”*

However, we are not waiting for such structural or legislative reforms to take effect: we are continuing to focus on improving our performance now and planning for a more resilient water system for the long term. Since January, we have begun significant work to reshape Welsh Water, so it is fit for the future. This includes changes to our structure, leadership and ways of working, all focused on improving performance, strengthening accountability and delivering better outcomes for customers and the environment.

Reshaping Dŵr Cymru

In September 2025, my predecessor, Pete Perry, announced plans to restructure the business which included a 12% reduction in employees working for the company. Since the start of the year, I've been working with approx. 70 colleagues from across the company to develop our new structure – one that is focussed on delivering consistent customer experience, good asset management, and strong customer and stakeholder engagement to develop and deliver our strategy and business plans.

I shared the new structure with the entire business earlier this month with the intention of having it in place by 1st May. I have reduced the number of members of the Executive Team by a third and reshaped the entire business around six business units to deliver a more aligned and efficient service for our customers.

We have received approximately 400 requests for voluntary redundancy and have so far identified some 250 roles that will be closed. Further reductions are expected as new systems and processes are introduced to reduce duplication and increase efficiency. We will strive to ensure any future redundancies occur through voluntary arrangements and natural churn and will continue to provide support to affected colleagues.

We have a very strong workforce and the changes I'm making are all designed to drive improved services and value for our customers. However, ensuring that we can operate on a sustainable financial footing and continue to raise sufficient funding to cover the level of investment needed is a non-negotiable that is increasingly challenging.

Our impact

Water is fundamental to everyday life and to the success of Wales as a nation. It protects public health, sustains the natural environment in which we live, learn and work, and underpins economic activity in every community — from small local businesses to nationally significant industries. Reliable, high-quality water and wastewater services are therefore not just utilities; they are essential public services that enable communities and places to thrive.

As a not-for-profit organisation, our purpose is unambiguous. Everything we do is for the benefit of customers and communities. We reinvest any financial surpluses into our assets, our people and our services so that decisions taken today strengthen resilience, wellbeing and environmental outcomes for generations to come. However, this model also brings constraints - most notably a constraint on the pace of investment arising from our inability to raise finance in equity markets. Being entirely funded by bonds, it is vital that we retain our strong credit rating, in order to keep down the cost of finance which is ultimately paid for by customers. This makes financial efficiency, long-term planning and regulatory stability even more critical for the long-term sustainability of the company.

We are reshaping the company to deliver our new vision *to foster thriving communities by providing world-class water services*. This is not simply an aspiration. It is a clear statement of intent about the role we play in Welsh society and the standards we set for ourselves.

Yours sincerely,

Roch Cheroux

Chief Executive

Dŵr Cymru Welsh Water

Neil Sachdev, Chair
Natural Resources Wales

29 January 2026

Dear Neil,

Annual scrutiny of Natural Resources Wales

I would like to extend the Committee's thanks to you, Ceri Davies and Rachael Cunningham for attending its meeting on 14 January to give evidence on Natural Resources Wales' (NRW) latest annual report and on-going work.

While the Committee would usually publish a report following annual scrutiny sessions, as time is limited before dissolution, Members agreed that it would be more appropriate to follow-up issues raised during the session in correspondence. These are set out in the Annex.

We were grateful to receive your "manifesto for Wales", *2026 and beyond: Bold steps for people and the environment*. The document is clear and engaging and will, no doubt, prove useful to incoming Senedd Members and their staff, particularly those who may be less familiar with NRW's work. We would encourage NRW to engage early with our successor committee on your recommended key actions to help shape its priorities.

We would like to thank the executive team and NRW's wider staff for the constructive way in which they have engaged with the Committee throughout the Sixth Senedd. We understand that Ceri Davies will shortly be retiring, and we would be grateful if you could pass on our sincere thanks for her contribution. We wish her every success in the future.

A copy of this letter has been sent to Huw Irranca-Davies MS, Cabinet Secretary for Climate Change and Rural Affairs.

I look forward to receiving a response from you as soon as possible, and by 26 February 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.



Annex: Annual scrutiny of Natural Resources Wales

Progress on commitments and key deliverables

In commenting on progress towards previously missed Business Plan 2024-25 commitments, Ceri Davies told us that NRW is now “very much seeing the improvements that we wanted to see”, with quicker turnaround on amber and red commitments than anticipated. We are encouraged to see NRW’s performance on a positive trajectory.

NRW has experienced a turbulent few years, marked by significant financial challenges, frequent reviews and, more recently, structural and operational change. As it enters what we hope will be a more stable period, we are keen for a strong and consistent emphasis on delivery, with continuous improvement embedded into ways of working.

Budget

We welcome the additional £25 million funding allocated to NRW for 2025–26, including the £4 million increase to the baseline Grant in Aid. Ceri Davies explained that the additional Grant in Aid has been directed towards ‘critical services’, helping to mitigate impacts identified during the Case for Change on areas of concern.

You highlighted the constraints posed by annual budget cycles and the importance of longer-term financial planning, particularly for infrastructure investment, to address environmental challenges. We agree that multi-year budgets would support more effective financial planning and management. We would encourage you to continue to press the Welsh Government on this matter during the Seventh Senedd.

Throughout this Senedd, we have consistently called for increased funding to enable NRW to deliver its core functions and statutory obligations effectively. We are pleased to see NRW on a more stable financial footing. We will be recommending that our successor committee continues to scrutinise NRW’s budget sufficiency during the Seventh Senedd.

HMRC settlement

We discussed NRW’s approach to managing the £1.46 million annual budget reduction required to repay the £14.6m HMRC settlement. Rachael Cunningham explained that £4.4 million was paid in 2024-25 due to an underspend, and that the reduction was built into the planning cycle for 2025-26. She explained that NRW will seek to accommodate repayments through efficiency savings and aims to repay the settlement in the earliest time possible.

While we welcome your assurance that the reduction is not “having a detrimental impact on our service”, the fact remains that there is an opportunity cost involved. As you acknowledged, repayment of the settlement is “stopping us investing more” in priority areas, which is regrettable.

The Committee has previously stressed the need to learn lessons from this experience, and we are pleased that both NRW and the Welsh Government have taken steps to do so. We note that a further report on lessons learned will be completed shortly, and we welcome the commitment given by Ceri Davies to share the findings with us.

The Case for Change

Impact on workforce and staff morale

We were pleased to hear that the additional funding for 2025-26 has helped mitigate the impacts of the Case for Change on staff. Although compulsory redundancies were kept to a minimum, we are mindful of the personal cost of any redundancy.

You acknowledged the significant toll the process had on staff morale, describing it as “incredibly traumatic”. While we were pleased to hear that staff morale is now “starting to rise”, it is essential that NRW learns lessons from this experience. We welcome the independent review underway and would be grateful if you could share its findings with us.

Visitor centres

In our most recent [annual scrutiny report](#) (May 2025), we expressed disappointment at the closure of visitor centres at Bwlch Nant yr Arian, Ynyslas, and Coed y Brenin and recommended that NRW provide a credible plan for reopening them.

Ceri Davies outlined NRW’s “vision” for the centres and provided an update on services operating at the sites.

We note that the Ynyslas centre has reopened under the management of the Borth Community Hub, while Bwlch Nant yr Arian and Coed y Brenin visitor centres remain closed. The current marketing exercise to identify suitable partners to lease the centres is not expected to conclude until summer 2026, by which point the centres will have been closed for well over a year. NRW previously indicated it was expecting the centres to be operational “in some capacity” by the summer of 2026. We would welcome clarification on whether this remains its goal.

We have previously highlighted our concerns about the potential impact of the visitor centre closures on visitor numbers across the three sites. Ceri Davies indicated that visitor numbers had remained the same despite the closures and agreed to provide us with figures. We would be grateful for figures from March 2025 onwards (when the centres were closed), alongside comparable figures for 2024.

Enforcement

You emphasised the need for “firmer tools” to address environmental damage, saying, “Where environmental damage is caused and could have been prevented, there must be a stronger, more

timely consequence". You also raised concerns about the length of court processes and the limited deterrent effect of current fines.

We discussed concerns that some businesses may be treating pollution fines as a routine cost of doing business. You suggested that tougher penalties are needed to act as deterrent, saying: "I don't think fines are enough. This should be a criminal event, and I would urge us to start thinking about how do we make this a criminal issue".

We share your view that all too often polluters escape meaningful consequences, and that stronger deterrents would help address repeat offending. We would encourage you to pursue this matter with our successor committee and the incoming Welsh Government.

We have previously emphasised the need to ensure that NRW has access to the full range of enforcement options to tackle pollution effectively, asking the Welsh Government to consider expanding NRW's civil sanction powers. We intend to follow this up with the Cabinet Secretary for Climate Change, Environment and Rural Affairs later in the spring term.

Water reform

While the plan for water reform for Wales is still at an early stage, current indications are that it will likely involve changes for NRW. We were reassured to hear that NRW is actively advising the Welsh Government and DEFRA, and that it is contributing to the joint transition plan, expected later in 2026. Given the scale of the proposed changes and the high level of public interest in the water sector, we will be recommending that our successor committee provides robust scrutiny of the proposals once further details emerge.

Flooding

We discussed NRW's progress in improving flood forecasting and its flood warnings service. We heard that forecasting models have been updated in Dinas Powys, Cadoxton, the upper Wye in Powys and the upper Monnow in Monmouthshire, with learnings from recent storms. We would welcome details of NRW's near-term plans to extend coverage of tailored models of flood-risk for areas with river flood warnings, including any assessment of investment need.

In our report, [The response to recent storms](#) (September 2025) we recommended that NRW should be able to access and participate in ensemble forecasting trials. We would welcome an update on NRW's involvement in these trials and an indication of when ensemble forecasting is expected to be fully embedded within the flood forecasting and warnings service.

Rachael Cunningham told us NRW's flood warning system, launched in July 2024, "was a massive step forward for us". We have previously emphasised the importance of increasing uptake of this service. We would welcome further explanation of actions taken during 2025 to promote uptake, including whether this has resulted in measurable increase in reach.

Ceri Davies noted that while NRW can issue warnings, it is important that communities at risk understand how to respond effectively. She told us, “We can warn and warn, but what we need is then a response,...there's clearly a piece of work that we need to do with communities at risk to ensure that they act on the alert, not wait for the warning”. We would be interested to hear whether NRW has any near-term plans to undertake such work, including working with communities at risk to strengthen understanding.

Protected sites

We were disappointed by the findings of Audit Wales’ report, [Protecting Nature for Future Generations?](#) (November 2025), which concluded that NRW has made limited progress developing its strategic approach to enlarging and better connecting the series of SSSIs. The report highlighted staff capacity constraints, data gaps, and fragmented digital systems as barriers to progress. In acknowledging these findings, Ceri Davies told us NRW had “taken [its] eye off the ball” in relation to the importance of SSSI designation. We would be grateful for a detailed explanation of how NRW intends to use the report’s conclusions to “drive improvements” across this area of work.

We welcome the additional funding allocated for 2025-26 to improve protected sites and support the development of new Naturfa sites (Other Effective Area-Based Conservation Measures). It is essential that this funding is used effectively to improve SSSI designation and management, particularly in light of Audit Wales’ report.

We discussed how NRW is preparing for the introduction of statutory biodiversity targets (under the Environment (Principles, Governance and Biodiversity Targets) (Wales) Bill). As highlighted in our [report of the Bill](#), without sound data the targets will be of limited value in tackling the nature emergency. We would therefore be grateful for further detail on the steps NRW is taking to increase biodiversity monitoring capacity and capability ahead of the introduction of the targets, including any assessment it has made of investment need.

Tree-planting and timber production

We note that NRW is currently “refreshing and reviewing” its commercial strategy in light of the Welsh Government’s recent Timber Industrial Strategy, with a new strategy expected in summer 2026.

You emphasised the significant potential to increase the use of home-grown timber, particularly to support the construction of low-carbon buildings. You indicated that you are keen to engage with developers and house builders to explore these opportunities. We would welcome further details of how you plan to take this forward.

Ceri Davies informed us that NRW is meeting its restocking targets and is making “good progress” on its woodland creation programme on the Welsh Government Woodland Estate. She also highlighted NRW’s role in supporting the Welsh Government’s Woodland Creation Planning Scheme, Woodland Restoration Scheme and Sustainable Framing Scheme.

The Committee has previously raised concerns about the lack of progress on tree-planting. A step-change is required if the Welsh Government is to meet its tree-planting target and realise its ambitions for timber production. We expect our successor committee will wish to pursue this matter during the Seventh Senedd.

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

By email: SeneddClimate@senedd.wales

20 February 2026

Annwyl Llyr,

Annual Scrutiny of Natural Resources Wales

Thank you for your letter of 29 January, following the CCEI Committee's annual scrutiny session with NRW on 14 January.

I am grateful for your reflections on our latest Annual Report and would like to express my thanks to you and the committee for the productive scrutiny you have provided throughout the Sixth Senedd. Your continued focus on our work has been invaluable in supporting transparency, challenge and improvement across our wide-ranging remit.

In particular, we want to thank you for your continued support in ensuring NRW has the tools to hold polluters to account and the resources required to deliver our core functions and statutory obligations effectively.

We share the Committee's commitment to ensuring strong delivery, continuous improvement and open engagement with scrutiny. As NRW enters what we hope will be a more stable and forward-focused period, we look forward to working closely with your successor committee, and the Seventh Senedd as a whole, to protect and enhance Wales' environment and communities.

As requested, we have provided further information on the specific matters identified in the annex below. Should you require any further information on the points raised, please do not hesitate to contact us.

Yours sincerely



Neil Sachdev MBE

**Cadeirydd, Cyfoeth Naturiol Cymru
Chair, Natural Resources Wales**

Croesewir gohebiaeth yn Gymraeg a byddwn yn ymateb yn Gymraeg, heb i hynny arwain at oedi.
Correspondence in Welsh is welcomed, and we will respond in Welsh without it leading to a delay.

Annex: Annual scrutiny of Natural Resources Wales

Chief Executive Recruitment

Thank you for your kind words on Ceri Davies' work.

In the scrutiny session, I advised that we were undertaking a recruitment process to make a permanent appointment to the CEO role. Following an unsuccessful process, we have agreed to continue and extend the search to ensure we appoint the right person to lead the organisation. In the meantime, Ceri has agreed to remain in post to provide stability and continuity and drive delivery of our operational objectives and ambition of nature and people thriving together.

We will ensure that your successor committee is kept updated on progress as our recruitment process continues.

HMRC Settlement

Our IR35 Lessons Learnt Review was undertaken to ensure that important learning from the matter is captured, fully understood and translated into practical improvements across the organisation. It drew on multiple independent assessments, including work undertaken by the Welsh Government Internal Audit Service and earlier external advisory reviews.

The review set out recommendations across six areas. We have developed a clear action plan to take these forward.

A number of the recommendations relate to strengthening our strategic governance. These cover clear escalation routes for regulatory and legal risks, introducing risk tolerance statements, updating the Board and Committee terms of reference, improving training for Board members, and putting in place more consistent approaches to challenge. Some of these steps – including new escalation protocols and refreshed Board training – are already in place, with others due to be delivered shortly. Together they will improve the visibility of key risks and support more consistent decision-making.

We have also made good progress in developing our risk management approach. Recommendations include increasing our risk maturity, embedding cost-benefit and scenario analysis for major decisions, carrying out regular functional risk reviews, and planning a formal risk maturity assessment in 2027. We have already introduced an Organisational Risk and Issues Log, a new Strategic Risk Register, and risk appetite statements that help bring greater clarity across the organisation.

The review also highlighted the need to improve information flow and internal communication. This includes clearer reporting on major external challenges, better documentation of how risks are being managed, and ensuring that sensitive Internal Audit findings are escalated promptly. We have already strengthened Board reporting, improved escalation processes, and continue to develop our organisational risk reporting systems.

Culture and behaviour are a core part of the recommendations too. These include ensuring constructive challenge is encouraged, that external advice is used thoughtfully, and that major risks receive robust peer review. We have built cultural assessments into our Internal Audit plan, updated contract management guidance to reinforce critical thinking, and set clearer expectations for challenge within governance settings.

Finally, the recommendations around external engagement and operational processes focus on improving access to specialist expertise, formalising the handover of complex issues, strengthening relationships with regulators, and improving our liaison with Welsh Government. Many of these steps – including a new handover protocol and improved sponsorship arrangements – are already in place and are helping ensure clearer oversight of significant risks.

So we have already made strong progress. By December 2025, 28% of these actions had been completed. We expect 83% to be completed by March 2026, with the remaining work planned and actively managed.

Case for Change

NRW commissioned this review to reflect on the organisational Case for Change process undertaken during 2024/25 and to support learning to assist with the planning and delivery of future change activity. The review was carried out by Local Partnerships and draws on documentation provided by NRW, alongside engagement with 103 staff and stakeholders through interviews and workshops.

The purpose of the review was to describe the processes, governance arrangements and supporting systems used during the Case for Change, and to capture observations that may help inform future organisational development. The review explores a series of themes, including strategic drivers, governance and leadership, programme management, HR and process design, communications, risk management, data handling, and transition to business as usual.

The review notes that the scale and timing of the transformation created operational pressures across the organisation and identifies areas where adjustments to structure or sequencing could be helpful in future programmes. It also records that some HR-related processes were delivered to a tight timetable, and that the use of temporary staffing in some areas contributed to variation in approach.

While early communication on the Case for Change was viewed positively, later stages were delivered in a fast-moving environment. The review suggests that continuing to strengthen organisational mechanisms for planning and change management would support NRW in responding effectively to future strategic and financial pressures. As part of its ongoing improvement work, NRW is already examining how to strengthen elements within its Corporate Services teams in light of the lessons identified through this review.

Visitor Centres

Timeline for Marketing Exercise

We successfully launched our marketing documentation packs for Coed y Brenin and Bwlch Nant yr Arian on 28 November. The initial bid stage closed on 28 February and our aim is still to identify a preferred bidder early in the 2026/27 financial year.

The timeline for reopening the visitor centre buildings will depend in part on the successful bidder and any additional investment they may wish to make on site. We remain committed to ensuring this happens as soon as possible.

In the meantime, paths, trails, car parks and toilet facilities remain open, managed by NRW, and our Land Management teams continue vital work to protect wildlife and maintain these special sites. We are also working in partnership with Consti, a local charity, to temporarily provide drinks and cold food to visitors at Bwlch Nant yr Arian from a unit on the site, and advertising a similar temporary opportunity at Coed y Brenin.

Visitor Numbers

We have reviewed visitor numbers at Bwlch Nant yr Arian, Coed y Brenin and Ynyslas using car-park count data for 2024 and 2025. The analysis shows that all three sites continue to attract substantial and seasonally consistent visitor volumes. Peak-season performance remains strong, demonstrating that these locations continue to function as well-used community assets and popular tourism destinations.

While some individual monthly totals vary, seasonal peaks remain robust. Collectively, the figures indicate that the visitor centres are continuing to perform well, with no evidence of reduced public interest and in some cases, signs of growing off-peak activity.

Bwlch Nant yr Arian

Bwlch Nant yr Arian continues to show strong and reliable summer demand. The site recorded 6,636 cars in August 2024, and 5,424 in August 2025, maintaining a high level of seasonal activity. Summer peaks in both years remain comparable to historic patterns, demonstrating that interest in the site has not decreased.

Winter figures also remain steady, with a notable increase in December 2025, which saw 1,994 cars compared to 1,078 in December 2024. This improvement suggests that the site continues to attract regular off-peak visitors and may indicate growing use of the site during traditionally quieter months.

Coed y Brenin

Coed y Brenin follows its established seasonal rhythm, with last summer demonstrating particularly strong performance. July and August 2025 saw visitor counts of 4,990 and 6,759 respectively, reinforcing the site's position as a consistently popular destination for outdoor recreation. The numbers reflect an uplift from 5,240 in July and 4,950 in August 2024. This slight year-on-year growth during peak season strongly suggest that Coed y Brenin continues to maintain a large, loyal visitor base.

Ynyslas

Ynyslas remained the most visited site across both 2024 and 2025. In August 2025 we recorded 9,959 visitors, narrowly missing August 2024's exceptionally high count of 10,173. Strong performance is also seen outside the peak summer months. In May, visitor numbers remained high, with 7,619 cars in 2024 and 7,301 in 2025, reflecting consistent spring use and a widening spread of demand beyond the core summer months.

Flooding

Improving Flood Forecasting and Flood Warnings service

NRW operates a flood forecasting service for river and coastal flooding, using locally-calibrated catchment or coastal models which take forecast data from the Met and produce community-scale forecasts of river flow/depth, sea heights, wave heights and wave overtopping. These models are run in near-real time (up to every half hour for river flooding) within our flood forecasting system.

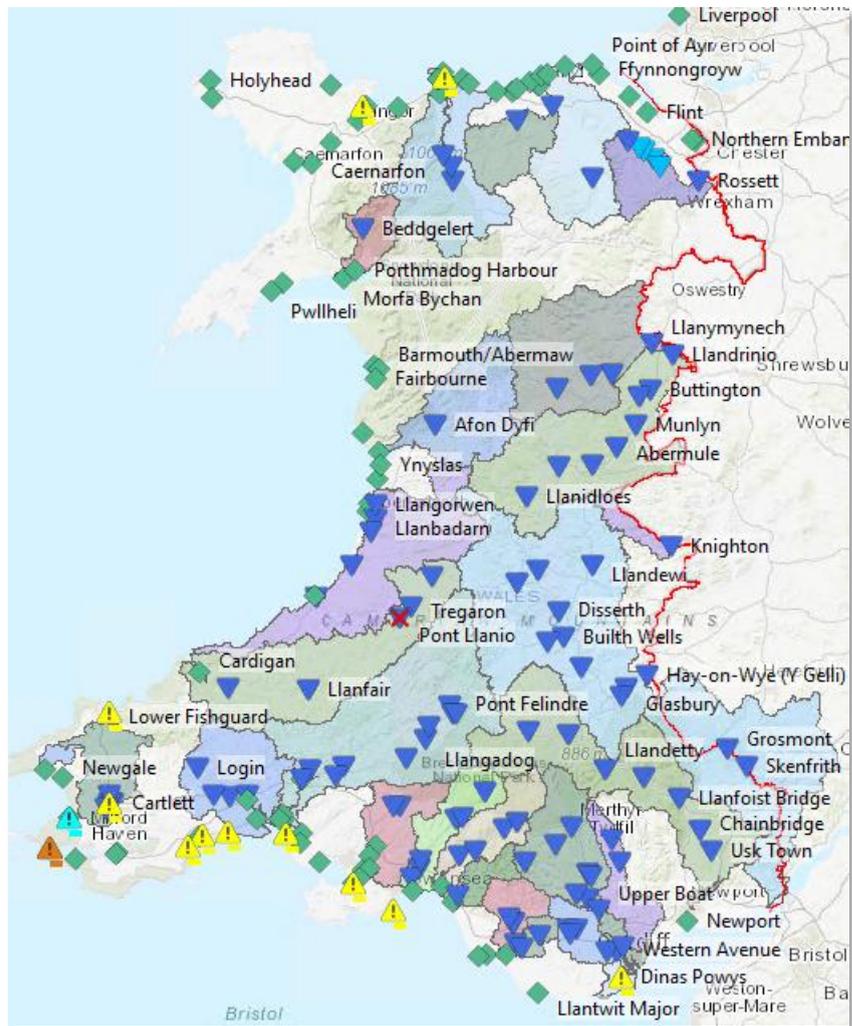
Since 2005, when our legacy body invested in delivering a flood forecasting service for Wales, we have developed local models based upon risk, shaped by our Communities At Risk Register (ie. prioritising catchments and locations where the risk is greatest). We provide forecasts for 104 river and 80 coastal locations. The service provides coverage of all coastal Flood Warning Areas and 78% of river Flood Warning Areas, as shown in Table 1 below.

	Wales Total	Forecast Model Available	Forecast Service Coverage
River Forecasting			
Flood Warning Areas	233	182	78%
Properties in Flood Warning Areas	75,464	57,914	77%
Coastal Forecasting			
Flood Warning areas	110	110	100%
Properties in coastal Flood Warning Areas	77,000	77,000	100%

Table 1 – Flood Forecasting Service Coverage

Despite strong progress, there are still gaps in service coverage for some significant river catchments including the River Dee, Lower Wye (Monmouth), Ebbw, Sirhowy, Lwyd and Llanelli rivers (Map 1 below).

Map 1 – NRW Flood Forecasting Service Coverage (blue triangles and green diamonds are locations where forecasts are available, shaded areas are catchments with local models)



The maximum coverage we could achieve through filling these gaps with new catchment models is around 90%. To do this would require additional sustained investment to complete the necessary maintenance and increase capacity in our forecasting team and duty forecasting rota.

Furthermore, limitations on the availability of local observational data needed for model calibration (we do not have river gauges on every small watercourse), combined with the rapid response of small catchments to rainfall, mean it is not possible to have full coverage with the traditional approach of a local catchment model.

To address the remaining gaps, we have been exploring alternative tools. The Grid to Grid broadscale hydrological model, currently used by SEPA in Scotland and the EA and Flood Forecasting Centre in England, could provide a suitable tool to fill this gap where a locally bespoke model is not available, with the appropriate investment to configure, maintain and operate the model. However, locally-calibrated models are the preference across the flood agencies where there is the data to build and calibrate them.

Our indicative estimate of the revenue investment needed to expand our river forecasting coverage using locally-calibrated models and Grid to Grid (for other smaller catchments where it is not practical or possible to build locally-calibrated models) is £200,000 per annum. This is largely an investment in permanent skilled staff resources and some ongoing software licence costs.

The one-off capital investment required to support this would be relatively modest (around £100,000). Without the revenue investment as well, any benefits of capital investment would not be realised.

Forecasting Trials

NRW is actively involved in the EA's trials with the Met Office, and emerging evidence is helping to shape how we could introduce this capability in Wales. The EA is not yet using ensembles operationally and significant further work is required before they can deploy them within their local forecasting service.

We are working with the Met Office on the ensemble rainfall data they may be able to supply and expect to begin using trial data later this summer. NRW, the EA and SEPA are also collaborating with the Met Office to define common requirements and shared data products to support a more efficient UK-wide approach.

We have also been working closely with the Flood Forecasting Centre to improve the rainfall forecast scenarios used for NRW's event preparedness and the Flood Guidance Statement. A funded change request is now underway to provide both Best Estimate and Reasonable Worst Case catchment rainfall scenarios within our forecasting system, enabling us to generate river forecasts for each scenario. This will strengthen our assessment of flood likelihood and impacts, and improve the advice we provide to Local Resilience Forums.

This will be an interim two-year service whilst we progress toward full probabilistic ensemble forecasting, which will allow us to assess uncertainty and attach likelihood scores to forecasts. We are currently assessing how to deliver fully probabilistic ensemble forecasting into our river and coastal forecasting, guidance and warning.

We estimate it will take a minimum of two years, and more likely three (around autumn 2029) to develop a basic probabilistic forecasting capability suitable for event preparation, the Flood Guidance Statement, and Local Flood Advisory Service briefings. Fully integrating probabilistic forecasting into the public flood warning service will take longer, as is also the case for the EA and SEPA. All three countries are exploring the potential, but none have the capability at present to use probabilistic forecasts for warning the public.

Moving to probabilistic forecasting will require significant system, data and process changes, as well as extensive user research with the public. It may also necessitate UK-wide changes to Flood Warning Codes to maintain the consistency that partners and at-risk communities expect.

Delivering this capability will require sustained capital and revenue investment, including skilled staff to develop and maintain such a service, which will place more focus on interpretation and communication of information with the public and partners.

Our estimate of establishing a basic capability in two to three years is dependent on additional, sustained investment from the 2026/27 financial year. We estimate at least £300,000 permanent revenue investment would be required to maintain and continuously improve a probabilistic service, with up to £200,000 capital investment to develop our digital systems. These costs may increase depending on partner and public demand for access to probabilistic forecasts and guidance.

Promoting our Flood Warning Alerts

We delivered our Be Flood Ready week in October 2025, promoting three key preparedness actions – checking flood risk by postcode, signing up for free warnings and knowing what to do when flooding is forecast. The campaign was launched alongside the opening of our largest flood-alleviation scheme at Stephenson Street, Newport with contributions from the Deputy First Minister.

We have also updated our suite of social media assets, which we use to promote the flood warning service. These are used on our social media channels and those of partners when there is stormy weather, as we know people are more likely to check their risk and sign up to warnings when there is an imminent threat of bad weather.

In addition, we have been working with the Welsh Local Government Association and local authorities to develop a suite of social media assets that local authorities can use to communicate local impacts and response in relation to warnings issued by NRW.

At a local level, we have taken part in a Welsh Government-funded pilot with the Gwent Public Service Board, testing paid local campaigns and alternative trusted voices to increase registrations. We are now exploring further local engagement approaches in South Wales Central, including materials in commonly-spoken community languages.

NRW attended the Senedd 'Y Farchnad' in October 2025 to provide support for Senedd Members and explain our role and the information available to help them support constituents. We engaged with over a third of MSs (or their teams) at the event and we plan to repeat this again, later this year, to engage with newly elected MSs.

It is worth noting that it is increasingly difficult to measure the uptake of flood warnings, as many people prefer not to register directly with NRW and instead choose to access warnings through online platforms or third-party providers. Registration alone is no longer a reliable measure of the reach of our service.

To respond to these changing behaviours, we have worked with the EA and SEPA to agree how the current UK flood warning codes map to the international Common Alerting Protocol (CAP). We are currently undertaking work to make our live flood warning data available in CAP format. This will enable our live flood warnings to be published on platforms such as Google and Apple services. Exposing our data via these channels means we can increase the reach of our flood warnings to those who haven't signed up directly to the NRW flood warning service, along with those who may be travelling through a flood risk area they do not reside in. We expect to go live with our new CAP data feed this spring, at which point it will be available via third party platforms.

At the same time we continue to make our warnings available to those who are digitally excluded. Flood warnings remain available via voice messages to traditional telephone land lines and the floodline telephone service provides a single telephone number for Wales, England and Scotland with access to flood information and advice, as well as sign up for our flood warning service by speaking to a dedicated helpline operator.

Strengthening understanding within communities

Notwithstanding ongoing improvements and promotion of our flood warning service, we need the public to recognise their flood risk and take personal responsibility by signing up for free warnings, preparing for floods and considering personal or community flood plans. Evidence across the UK, including recent research by the British Red Cross, shows awareness of flood risk remains relatively low despite decades of devastating flooding and regular engagement campaigns.

We support a network of over 65 community flood plans across Wales, where flood plan volunteers have stepped forward to help their communities be more resilient to flooding. We continue to welcome any community into this network and run network support events to share learning and experience between partners and volunteers.

While we can promote key messages and support partners at an all-Wales level, direct engagement with local communities is often best delivered by local authorities and/or town and community councils. They have stronger community connections and are better placed to address wider resilience needs, of which flooding is only one part. NRW does not have the resources to provide sustained local engagement, nor are we the organisation best placed to do so. Our value comes from the enabling advice we provide and being able to bring others together to share and learn in this challenging space.

Protected Sites

Improvements in SSSI Designation

In response to the SSSI audit, we are currently developing a strategy for nature recovery and a single integrated delivery programme. The programme will bring together, prioritise and direct resources for the range of activities within NRW that contribute to the 30x30 commitment. The strategy will focus on action to support, deliver and secure for the long-term spatial protection and effective management in a range of forms, including SSSIs and other protected sites, other area-based measures (Naturfa sites), and flexible approaches that allow us to respond to pressure such as climate change. We are drawing on and drawing together all our relevant tools and functions, including regulation, advice, evidence, advocacy, finance, data management, digital systems, corporate governance and direct land management.

We have allocated an additional £3m to invest in our most important strategic priorities next year and expect a meaningful proportion of that funding to be attributed to this work area and plan to have a costed, prioritised programmes in place for April 2026.

Alongside this strategic planning, we have also recently completed a review of the current SSSI series and a review of opportunities for SSSI notification; developed criteria for prioritising SSSI notification; updated our protected sites database software and commenced scoping further improvements; proposed a pilot Naturfa site on the land in our care; and refreshed our terrestrial monitoring strategy.

Biodiversity Monitoring

We have recently completed a refresh of our terrestrial monitoring strategy, the purpose of which is to ensure we are well placed to respond to the changing biodiversity policy landscape and the introduction of statutory targets. By evolving our approach to biodiversity monitoring we intend to deliver monitoring at a greater scale to improve coverage across the protected site series. This will involve greater use of rapid survey methods, the onboarding of innovative monitoring and analytical techniques, and extensive collaboration with partner organisations and programmes to enhance the collective capability for monitoring and assessment of our protected sites.

We have allocated an additional £290,000 of NRW budget to these work areas and will have a fully costed service model for delivery of biodiversity monitoring and assessment requirements by April 2026. As a component of this, we are scoping the work required to develop and upgrade our biodiversity data systems. This is essential work to ensure we have the necessary systems in place to store, process, and make readily accessible our biodiversity data assessments.

Tree Planting and Timber

Welsh Government's Timber Industrial Strategy

We recognise the value of greater adoption and use of Welsh timber in the higher end valued products for house building, as an enabler to a foundation economy and facilitator for a circular economy in Wales.

Our role as manager of the Welsh Government Woodland Estate (WGWE) includes the provision of timber to the marketplace, wood processors and sawmillers across Wales, and we have a major role to play in complementing the Welsh Government's Timber Industrial Strategy. This strategy identifies key actions to support the sector in greater use of Welsh timber.

Our action, identified as Priority 4 – instilling confidence in demand – encourages our role in increasing the timber supply from the WGWE, which offers to facilitate the greater availability of timber for house building in Wales.

Our current review and upcoming publication of our timber sales and marketing plan, which underpins our growth and value strategy, is our commitment to the wood processors in Wales and an assurance of round timber supply from the WGWE. This five-year commitment of supply to the marketplace gives a confidence for the timber sector in Wales for investment and security of supply, whilst complementing our delivery of SMNR (Sustainable Management of Natural Resources) across the land in our care.

Priority 5, developing sector, and Priority 6, underpinned by behaviour change, of the timber industrial strategy facilitates the creation of an industry leadership group, led by Confor, which we will contribute to and complement.

Our involvement in this group will support the Welsh Government and industry-led group to engage with developers and house builders, further complementing the work already

delivered by Wood Knowledge Wales, The Home Grown Homes Project2 and Tai ar y Cyd.

NRW's Growth and Value Strategy

During our scrutiny session, we referred to the ongoing work on our Sustainable Growth and Value Strategy. We want to highlight that we are now seeking views and ideas on the draft Sustainable Growth and Value Strategy 2027-2031, and supporting draft Timber Sales and Marketing Action Plan. We aim to grow and value resources to allow investment back into our core mission so that by 2030 nature is recovering, communities are resilient to climate change and pollution is minimised. Areas for focus include business development, commercial recreation, renewable energy and timber sales. The document is available on our website, [here](#).

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

Rebecca Evans MS,
Cabinet Secretary for Economy, Energy and Planning,
Welsh Government

11 February 2026

Dear Rebecca,

Restoration of opencast mining sites

At our meeting on 11 December 2025, we considered correspondence in relation to Merthyr (South Wales) Ltd.'s planning application to vary the previously approved Ffos-y-Fran Land Reclamation Scheme. [Coal Action Network](#), [Friends of the Earth Cymru](#) and [Merthyr Tydfil residents](#), Chris and Alyson Austin have written to us expressing their desire for the Welsh Government to intervene and to call in the application.

As you know, the Committee has taken a keen interest in issues arising from the closure of Ffos-y-Fran, which led to our inquiry into the restoration of opencast mining sites. We subsequently wrote to you in [March 2025](#) seeking clarity on the Welsh Government's position in relation to the planning application and what options, if any, are available to it to intervene.

Stakeholders and local residents have raised significant concerns with us about the revised restoration scheme, particularly in relation to the safety of the site, specifically steep slopes, new coal tips, and a water-filled void. Concerns have also been raised about the actions and motivations of Merthyr Tydfil County Borough Council and Merthyr (South Wales) Ltd.

Stakeholders want to see the full restoration scheme, as originally approved, but Merthyr (South Wales) Ltd have claimed that they have insufficient funds to carry out the work, hence their application. Concerns have been raised with the Committee on a number of occasions that Merthyr (South Wales) Ltd have actually put aside sufficient funding for full restoration and that they are trying to have the reduced scheme approved to avoid costs. It is concerning, as we set out in our [report on opencast mining](#), that the site operator at Ffos-y-Fran, like many others, has taken profits from the site but now the money promised for restoration is not there.

The received correspondence suggests that the cost of this revised scheme is £15 million, which is to be funded by the money set aside in an escrow account that was established when Merthyr (South Wales) Ltd first received permission to mine for coal at Ffos-y-Fran. It is suggested that the escrow agreement between Merthyr Tydfil County Borough Council and Merthyr (South Wales) Ltd was amended but that the council has refused to release the updated agreement despite a direction from the Information Commissioner to do so. Friends of the Earth assert that “this document is crucial to the integrity of the planning process” and that “a decision cannot be made without public and statutory consultees being able to scrutinise it”.

A lack of clear accountability and transparency was a key theme in our inquiry into the restoration of opencast mining sites. In our report, we recommended that Merthyr Tydfil County Borough Council should publish the application for the revised restoration plan and the planning officer’s associated reports. As part of this, we believe that all associated documents, such as the escrow agreement, should be made available to ensure greater transparency with regards to restoration funding.

We wrote to you on 18 March 2025 asking if the Welsh Government had assessed Merthyr (South Wales) Ltd’s financial capacity to deliver the restoration scheme that was initially agreed. You confirmed that the Welsh Government had not undertaken an assessment of the company’s financial capacity beyond considering their published accounts. I would be grateful if you could clarify whether that is still the case.

We raised concerns in our report that local authorities such as Merthyr Tydfil County Borough Council are in an invidious position, and that the financial burden they face is such that they are left with little choice than to accept what the site operator is prepared to offer. However, it is crucial that the local authority seeks accurate restoration cost estimates and a full understanding of Merthyr (South Wales) Ltd’s financial situation. Most importantly, as set out in our report, the Council must ensure that the revised restoration plan reflects, as a minimum, the objectives of the original restoration plan.

In your letter to us of 17 April 2025 you set out the options available to the Welsh Ministers for intervention in the planning application, including to call in the Section 73 application for their own determination; to use reserve powers of enforcement to compel the developer to complete the already approved restoration scheme; and to consider planning appeal. I would be grateful if you could confirm whether you have considered taking any of these actions.

In that letter, you also said that the Local Planning Authority has formed a Technical Working Group (TWG) which is attended and supported by Welsh Government planning and coal tip safety officials, as well as Natural Resources Wales, the Health and Safety Executive, the Mining Remediation Authority and other stakeholders. I would be grateful if you could provide an update on the work of this group and what steps the Welsh Government is taking to ensure the best possible outcome for local residents.

I should be grateful for a response as soon as possible and by 11 March at the latest.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Llyr', with a stylized flourish underneath.

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

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.



Ein cyf/Our ref fA5010892

Llyr Gruffydd MS
Chair, Climate Change, Environment and Infrastructure Committee
Senedd Cymru
Cardiff Bay
Cardiff
CF99 1SN
SeneddHinsawdd@senedd.cymru

26 February 2026

Dear Llyr,

Thank you for your letter of 11 February regarding the Ffos-y-Fran Land Reclamation Scheme.

The Welsh Government continues to closely monitor the situation at the site, with our priority remaining the safety of the local community and protection of the environment. Merthyr Tydfil County Borough Council has provided Ministers with assurances regarding the site's current condition. The active contribution of key regulators through the Technical Working Group and the planning process is ensuring the best possible outcomes are being pursued for the people of Merthyr.

Senior officials have met with lead officers at the Council to reaffirm our commitment to supporting the development of a long term, managed solution. The ability to finance any agreed restoration works at Ffos-y-Fran will be an important factor in securing the best possible outcome for the community. The Council should seek the best achievable outcome in this regard.

The Welsh Government has made it clear that all parties must commit to transparent communication and the timely sharing of information. I understand and agree with the concerns expressed in correspondence to the Committee, particularly in relation to access to this information.

I understand that the Council is in the process of seeking legal advice in relation to the direction from the Information Commissioner. It will be for the Council to defend its position on the matter, including the failure to comply with the direction from the Information Commissioner.

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
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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 application for the revised restoration scheme is under active consideration for call-in, as are two planning applications relating to the Cwmbargoed Disposal Point. I hope to issue a decision on these cases following the next Technical Working Group at which the Council will provide an update on hydrology and geotechnical engineering information at the Ffos-y-Fran site which is still to be provided by the applicant to support the planning application.

The Technical Working Group comprises representatives from a number of public authorities, which share information and discuss the detail of the current status of the site, and the technical aspects of the proposed works.

A recent disclosure following a request made under the Environmental Information Regulations 2004 lists a number of minutes of meetings of the Technical Working Group, and can be found on the Welsh Government website at <https://www.gov.wales/atisn24655>. This may also be helpful to Committee members and correspondents in understanding the detail of the technical work being undertaken by the group.

Yours sincerely,

A handwritten signature in black ink that reads "Rebecca Evans". The signature is written in a cursive style.

Rebecca Evans AS/MS

Cabinet Secretary for Economy, Energy and Planning
Ysgrifennydd y Cabinet dros yr Economi, Ynni a Chynllunio

Ken Skates MS
Cabinet Secretary for Transport and North Wales

24 February 2026

Dear Ken

Legislative Consent Memoranda on the Railways Bill

At the Committee's meeting on 23 February 2026, we considered the legislative consent memoranda you laid in respect of the UK Government's Railways Bill on 21 January 2026 and 2 February 2026.

To inform the Committee's consideration of the memoranda, I would be grateful if you could address the questions set out in the annex to this letter.

The Business Committee has set a deadline of Friday 20 March 2026 for reporting on the memoranda. Please could you therefore respond to the questions by Monday 9 March 2026.

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

Yours sincerely,



Mike Hedges
Chair

Annex

1. Please explain why a legislative consent memorandum was not laid until 11 weeks after the Bill's introduction.
2. Please provide an update on the Welsh Government's position in respect of the clauses set out at paragraphs 103 to 109 of the legislative consent memorandum laid on 21 January 2026 (the Memorandum).
3. Please provide an update on the engagement between the Welsh Government and the UK Government referenced at paragraph 111 of the Memorandum and at paragraph 12 of the supplementary legislative consent memorandum laid on 2 February 2026 (Memorandum No. 2).
4. Please provide your understanding as to why there is no requirement in clause 3 of the Bill for the Secretary of State to engage with the Welsh Ministers when imposing additional functions on Great British Railways (GBR) which affect devolved areas in Wales.
5. Please provide an update on the exploratory work referenced at paragraph 103 of the Memorandum in relation to a proposed amendment of clause 4 of the Bill.
6. Please provide your understanding as to why clause 4(2) of the Bill requires the Welsh Ministers to consult the Secretary of State in relation to the arrangements set out within clause 4(1) of the Bill, and what form such arrangements are anticipated to take.
7. In light of clause 33(1), which enables a direction under clause 7 of the Bill to be issued to GBR on the general level and structure of fares, please provide your understanding as to why clause 7 does not enable the Welsh Ministers to give directions to GBR, and the Welsh Government's position on this matter.
8. Please clarify how amendment Gov 167, referenced in Memorandum No. 2, broadens the circumstances in which the Secretary of State must obtain the consent of the Welsh Ministers when giving directions to GBR under clause 7 of the Bill.
9. In light of clause 33(2), which enables guidance under clause 9 of the Bill to be issued on the general level and structure of fares, please provide your understanding as to why clause 9 does not enable the Welsh Ministers to give guidance to GBR, and the Welsh Government's position on this matter.
10. Please set out the Welsh Government's position in respect of clause 12 of, and Part 1 of Schedule 2 to, the Bill, with regard to there being no requirement for GBR to consult the Welsh Ministers about its business plan, nor a requirement for the Welsh Ministers to



approve GBR's business plan, nor a requirement for the Secretary of State to notify the Welsh Ministers when providing financial assistance to GBR.

11. Please provide your understanding as to why clause 15 of the Bill only requires the Secretary of State to consult, rather than obtain the consent of, the Welsh Ministers when preparing, revising or replacing the rail strategy under its subsection (1), and the Welsh Government's position on this matter.
12. Please set out the Welsh Government's position in respect of clause 16 of the Bill, with regard to its requirement for the Office for Rail and Road (ORR) and GBR to only "have regard to" the Wales Transport Strategy, with no requirement for those bodies to comply with the strategy.
13. Please provide your understanding as to why clause 21 of the Bill only requires the Secretary of State to consult, rather than obtain the consent of, the Welsh Ministers before giving, varying or revoking guidance to the ORR under clause 21(1), and the Welsh Government's position on this matter.
14. Please provide your understanding as to why the Bill provides for a Memorandum of Understanding to be prepared which sets out how the Secretary of State and the Welsh Ministers will work together in the exercise of their respective functions in relation to railways and railway services; and why it was not possible for this information to be set out on the face of the Bill. Please also set out the Welsh Government's position on this matter.
15. Please clarify the content and effect of amendment Gov 169, referenced in Memorandum No. 2, and whether the amendment addresses the concerns regarding clause 24 noted in paragraph 104 of the Memorandum.
16. Please provide your understanding as to why the Secretary of State is not required to consult the Welsh Ministers before designating a Welsh service, while it is required under clause 25 of the Bill to consult the Scottish Ministers before designating a cross-border service. Please also set out the Welsh Government's position on this matter.
17. Please provide your understanding as to why clause 28 of the Bill only requires the Secretary of State to consult, rather than obtain the consent of, the Welsh Ministers before exercising the power to exempt a Welsh service from designation under this clause. Please also set out the Welsh Government's position on this matter.
18. Please set out the Welsh Government's position on the application of the Senedd annulment procedure to regulations made under clause 29 of the Bill, and whether the Senedd approval procedure would be more appropriate.

19. Please clarify the scrutiny procedure applicable to regulations made under clause 72 of the Bill that make consequential amendments to primary legislation regarding non-GBR infrastructure. Please also clarify whether the power in clause 72 may be used to amend primary legislation within the legislative competence of the Senedd, and, if so, whether the Secretary of State will be required to consent to the exercise of the power in this way.
20. Please explain why you do not consider that clause 73 of the Bill requires the consent of the Senedd.
21. Please set out the Welsh Government's position on the absence of a power for the Welsh Ministers to make provision that is consequential to the Bill, congruent to the power of the Secretary of State under clause 88 of the Bill.
22. Please provide further detail about amendment Gov NC23, in respect of the charging for removal etc of road vehicles and referenced in Memorandum No. 2, with particular reference to who will be responsible for such removal etc, how such charges will be made and what will happen in the event that they are not paid.



Huw Irranca-Davies AS/MS
Y Dirprwy Brif Weinidog ac Ysgrifennydd y Cabinet dros Newid
Hinsawdd a Materion Gwledig
Deputy First Minister and Cabinet Secretary for Climate Change
and Rural Affairs

Agenda Item 4.4



Llywodraeth Cymru
Welsh Government

Mike Hedges MS
Chair - Legislation, Justice and Constitution Committee

SeneddLJC@senedd.wales

25 February 2026

Dear Mike,

Thank you for your letter of 6 February regarding Wales' Deposit Return Scheme (DRS) and the request for an exclusion under the UK Internal Market Act 2020 (UKIMA). I welcome the Committee's continued interest in this important matter and am pleased to provide the clarification you have requested.

The Welsh Government is following the agreed UKIMA exclusion process for Common Framework areas, as established between the UK Government and the devolved governments. DRS falls within the scope of the Resources and Waste Common Framework, and it is through this framework that our request for an exclusion has been made.

The UKIMA exclusion process was initiated in accordance with the revised procedure developed through the UK Government's review of the Act, this included setting out the scheme's relevance to environmental protection and public health grounds. The exclusion proposal was discussed at the Resources and Waste Common Framework, and I wrote to the UK Government and the other devolved governments in November setting out the case for adding an exclusion to Schedule 1 of UKIMA for PET plastic, glass, steel and aluminium and drinks containers.

DRS and the potential UKIMA implications have been discussed extensively at intergovernmental meetings, including at an interministerial level. This includes:

- At a four-nation ministerial meeting on 3 June 2025, Ministers collectively agreed that officials should work jointly to assess the UKIMA implications of different DRS approaches and explore mitigation options;
- Officials discussing the exclusion proposal at the Resources and Waste Common Framework Working Group meetings in October and November 2025; and,
- DRS was discussed at the EFRA Interministerial Group Meeting on the 24th November 2025.

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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.

Our proposal has therefore been made in full accordance with the agreed intergovernmental approach, using the established Common Framework governance structures.

The Northern Ireland and Scottish Governments confirmed that they supported the granting of the proposed exclusion via the Common Framework process, and I am pleased to inform the committee that on 2 February 2026 the UK Government confirmed that it would agree a UKIMA exclusion in relation to single-use glass drinks containers, subject to specified conditions. These being the alignment of the launch date for plastic and metal containers with the rest of the UK in October 2027, adherence to agreed interoperability principles and an extension of the transitional period for glass to October 2031.

This means that the scheme in Wales will encompass PET plastic bottles, aluminium and steel cans, and glass bottles drinks single use containers from day one. It will also commence a clear pathway towards the roll out of reuse, supported by the pilots which industry are committed to delivering and meaning that Wales' scheme will reflect international best practice and continue to lead the way within the UK.

While the UK Government did not at this stage agree to an exclusion covering reusable drink containers, it has stated its support for the Welsh Government's ambitions on reuse and its intention to continue working with the Welsh Government on an exclusion. Securing an exclusion for reuse is therefore a priority for the Welsh Government.

The UK Government's new approach of enacting exclusions agreed via Common Frameworks, provides improved clarity and will encourage a more transparent and collaborative approach to applying the Internal Market principles across the UK. We hope this will lead to more consistency, greater certainty, and a more predictable environment for businesses and regulators alike. By using the jointly agreed Common Framework processes, the new approach can reinforce opportunities for improved intergovernmental cooperation, ensuring devolved policy objectives can continue to be pursued whilst supporting the functioning of the UK Internal Market.

The Deposit Scheme for Drinks Containers (Wales) Regulations 2026 were laid before the Senedd on 12th February. If approved by the Senedd, the regulations will then be made in March. In parallel, the UK Government has committed to bringing forward affirmative regulations to amend Schedule 1 to UKIMA in order to give effect to the agreed exclusion. I would be happy to keep this Committee updated as the exclusion process progresses.

Separately, in relation to the second phase of bans under the Environmental Protection (Single-use Plastic Products) (Wales) Act 2023, work on the timetable and policy approach is ongoing. As this develops, the Welsh Government will consider carefully whether a UKIMA exclusion is necessary - informed by the experience of the DRS process and engagement through the relevant Common Framework. The Committee will be kept informed as decisions are taken.

Thank you again for your letter and for the Committee's constructive engagement on these issues. I look forward to continuing to work closely with you as scrutiny of these matters continues.

Yours sincerely,

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the bottom.

Huw Irranca-Davies AS/MS

Y Dirprwy Brif Weinidog ac Ysgrifennydd y Cabinet dros Newid Hinsawdd
a Materion Gwledig

Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs

Dear Member of the Senedd,

Deposit Return Scheme (Wales) Regulations 2026 - evidence briefing

On 12 February 2026, the regulations establishing a national Deposit Return Scheme (DRS) for Wales were laid before the Senedd, several years after the original UK-wide commitment to introduce such a scheme. Their laying marks a significant and long-awaited milestone in delivering a policy that is widely used internationally to reduce litter, improve material quality, and accelerate the transition to a circular economy.

The scheme commands broad cross-party support in Wales, reflected most recently in the manifesto of the Cross-Party Group on Litter and Fly-tipping. We know that Wales already ranks among the highest recycling nations in the world and that's why the ambition behind these regulations goes beyond improving recycling rates alone. It is about strengthening resource efficiency, reducing avoidable carbon emissions, and building the infrastructure for a genuinely circular system.

The UK Government has now confirmed an Internal Market Act exclusion, enabling Wales to proceed with a glass-inclusive scheme. Retaining glass within scope, alongside provisions that enable reuse, ensures that the Welsh model supports both high-quality recycling and the development of refill and reuse systems. While litter reduction and material capture will deliver immediate benefits, the greatest long-term carbon savings are expected to come from well-designed reuse models built on this infrastructure. It is a once-in-a-generation opportunity.

After many years of consultation and policy development, the regulations set out a pragmatic and phased framework for implementation. They include proportionate exemptions for low-volume producers and small retailers and align with the wider UK timetable to ensure interoperability and operational stability. The Welsh scheme also forms part of the UK-wide rollout currently scheduled for October 2027, and decisions taken during this scrutiny period will have clear implications both for Wales' approach and for wider system stability.

We are writing to share the attached briefing note, which provides an evidence-based overview of the policy background, the content of the regulations, the case for including glass, and the implications of delay. It also summarises concerns raised by industry stakeholders, alongside relevant data and analysis.

We hope this briefing is helpful to you during scrutiny. If it would be useful to discuss any aspect of the scheme, or to receive further evidence, we would be very happy to assist.

Yours,

Mick Antoniw MS

On behalf of the Senedd's Cross Party Group on Littering, Fly Tipping and Waste Reduction

Deposit Return Scheme (Wales) Regulations 2026

Briefing for Members of the Senedd

Purpose of this briefing

This note provides Members of the Senedd with an evidence-based overview of the context, rationale, and implications of the Deposit Return Scheme (Wales) Regulations 2026. It summarises the policy background, the content of the regulations, the case for including glass and developing reuse systems, and the likely consequences of delay or non-approval. It also addresses several of the main concerns raised by industry stakeholders throughout the consultation process.

The aim is to support informed, objective scrutiny of the regulations based on available evidence and consultation outcomes.

Policy background

Deposit Return Schemes (DRS) are widely used internationally to increase the return of drinks containers for recycling or reuse. Under a DRS, a small deposit is added to the price of a drink and refunded when the container is returned. The approach is now in operation in more than forty jurisdictions, including Germany, Sweden, Norway, Finland, and, more recently, the Republic of Ireland.

Across these systems, return rates above 85–90% are typical. Evidence from multiple countries shows that DRS significantly reduces drinks-container litter, improves the quality of collected materials, and enables higher-value recycling or reuse.

All UK governments previously committed in principle to introducing Deposit Return Schemes back in 2018. Early proposals envisaged a broadly aligned system across the four nations, including glass containers. Subsequent decisions at UK level to remove glass from scope in England led to divergence between national approaches, with Wales maintaining a broader, glass-inclusive model consistent with its waste strategy and infrastructure.

The Welsh Government's approach is aligned with the *Beyond Recycling* strategy and Net Zero Wales commitments. It reflects a long-standing policy direction in Wales, which has previously led the UK in areas such as the single-use carrier bag charge and municipal recycling rates.

Polls additionally show that 86% of voters in Wales support a Deposit Return Scheme which is inclusive of glass.

Overview of the regulations

The Deposit Return Scheme (Wales) Regulations 2026 establishes the statutory framework for a national scheme to operate in Wales from 1 October 2027. They provide for the appointment of a Deposit Management Organisation, define the scope of materials covered, and set out the legal structure within which the scheme will operate. From the start date, the scheme will apply to:

- PET plastic bottles
- Aluminium cans
- Steel cans
- Glass bottles between 150ml and 3 litres

Glass is included within the scope of the scheme from the outset. However, the regulations provide for a four-year transition period during which glass will carry a zero-pence deposit and will not require specific DRS labelling. This phased approach is intended to allow time for industry to adapt systems and for reuse pathways to be developed and tested.

Rationale for including glass

The inclusion of glass in Deposit Return Schemes is consistent with international practice. Of the global DRS systems currently in operation, the large majority include glass containers. Evidence indicates that including glass improves overall environmental outcomes, reduces litter, and increases the economic benefits of the scheme. UK Government modelling has previously shown that including glass in a DRS:

- Delivers higher carbon savings
- Reduces drinks-related litter by up to 85%
- Improves the benefit-cost ratio of the scheme

UK Government modelling (2021) indicated a benefit-cost ratio of approximately 1.93 when glass was included, compared with 1.65 for a scheme without glass. It also found that adding glass at a later stage would increase overall costs and complexity.

Welsh litter data also indicates that glass litter remains a persistent issue in the environment, harming wildlife, causing injuries to children, pets and livestock, and contributing to street violence. National surveys have found glass bottles present on around 1 in 7 public sites, with broken glass on approximately 8%. The British Veterinary Association reported that 47% of litter related injuries to animals were due to broken glass, and marine surveys show drinks containers present on 99% of Welsh beaches, with glass litter appearing on half.

Glass litter also presents public safety risks. Evidence from Cardiff's violence-reduction work has shown that removing glass bottles from certain environments was associated with a 50% reduction in hospital admissions for violent injuries. These factors mean that excluding glass from the scheme would have left a significant portion of the litter stream unaddressed and limit the environmental and social impact of the policy.

The transition period for glass

Some industry stakeholders have raised concerns about the four-year transition period, during which glass is technically in scope but carries no deposit. The purpose of this transition is to allow:

- Time for operational systems to adapt
- Development of reuse infrastructure

- Alignment with broader packaging reforms
- Avoidance of sudden cost shocks to industry

UK Government modelling indicated that including glass from the outset, even with a transition period, is more cost-effective than introducing it later. Phased implementation is also consistent with international practice, where deposit systems have often evolved over time rather than being introduced in their final form from day one.

The transitional arrangement is therefore intended as a pragmatic compromise that maintains long-term environmental ambition while allowing for industry adjustment.

The case for a reuse pathway

The regulations create a framework that allows for reuse targets and requirements to be introduced through subsequent regulations. This approach enables the Welsh Government to develop reuse systems through pilots and trials before introducing formal targets.

Evidence from existing reuse systems indicates that reusable glass bottles can deliver significant carbon savings compared with single-use containers. Studies suggest lifecycle emissions reductions in the range of 80–85% for reuseable glass, depending on system design and transport distances, suggesting that the glass industry would be most likely to benefit from this transition in the long term.

Deposit systems also play an important enabling role in reuse by:

- Increasing return rates
- Providing collection infrastructure
- Ensuring high-quality container streams

The Welsh approach therefore reflects an evidence-led, staged model: first establishing a comprehensive collection system, then building reuse targets on the back of that infrastructure.

Interaction with UK-wide developments

The Welsh scheme has been developed alongside wider UK DRS proposals. Divergence between nations, particularly around the inclusion of glass, required consideration under the UK Internal Market Act.

The current position is that an exclusion has been granted to allow Wales to proceed with a glass-inclusive scheme. The Welsh Government has indicated that further discussions are underway regarding future reuse provisions.

The Welsh Government has also committed to ensuring interoperability with the wider UK schemes, including alignment of key elements such as the overall timetable and launch date of October 2027. In that context, maintaining alignment and legislative momentum across the UK becomes even more important.

The immediate question before the Senedd is whether to approve the regulations as laid, allowing the Welsh scheme to proceed on the proposed timetable.

Implications of any delay to approving the regulations

The regulations provide the legal foundation for the Welsh Deposit Return Scheme. Failure to approve them would almost certainly lead to a substantial delay and could ultimately result in the collapse of the Welsh scheme. That would have several consequences.

First, it would create immediate uncertainty for producers, retailers, logistics providers, and infrastructure partners who are already preparing for implementation. A breakdown in the legislative process would disrupt planning, increase costs, and weaken confidence in the policy environment.

Second, it would halt several years of policy development, consultation, and cross-government negotiation. The scheme has been shaped through multiple consultations, impact assessments, and intergovernmental processes. Failure at this stage would represent a significant loss of policy momentum and public credibility.

Third, it would introduce uncertainty across the wider UK rollout. The four UK schemes are closely linked through supply chains, producer obligations, infrastructure, and market expectations. A failure of the Welsh scheme at this stage would create knock-on risks for investment, operational planning, and confidence in the overall programme.

In practical terms, delay or non-approval would risk higher costs, slower progress, and weaker environmental outcomes across the UK system.

Further delays would also risk public frustration, given that the original UK Government commitment was made more than eight years ago, with successive consultations consistently highlighting strong public support for the policy.

Industry concerns and evidence-based responses

Several concerns have been raised by parts of the glass and drinks industry throughout the consultation process. Before exploring those in detail, it is important to place these in the context of how Deposit Return Schemes interacts with wider producer responsibility reforms. If glass were excluded from the scheme, it would instead fall entirely within the Extended Producer Responsibility (EPR) regime. That system is more complex in operation and would not provide the same opportunities for high-quality material capture nor the development of reuse systems.

Deposit Return Schemes are a form of producer responsibility, designed to place the costs of drinks packaging on producers while creating clear incentives for higher return rates and cleaner material streams. In that sense, DRS is a practical delivery mechanism for the polluter-pays principle, rather than an additional layer of regulation.

The most common claims are set out below, with additional points addressed in an annexe.

Claim 1: “Wales already recycles glass at high rates, so DRS is unnecessary”

Wales does achieve strong kerbside glass recycling rates. However, kerbside systems are designed to capture materials generated in the home and do not adequately address litter or ‘on-the-go’ consumption. GLÂN 2025 survey data shows drinks litter present on 56.6% of surveyed sites, with glass bottles found on around one in seven public sites. This indicates that high recycling participation at home has not translated into consistent behaviour in public spaces.

Material quality is also a relevant consideration. Glass collected through kerbside systems is often commingled with other materials and more prone to breakage and contamination. This reduces its value and limits its use in closed-loop bottle-to-bottle recycling, with a higher proportion downcycled into lower-value applications. Deposit systems collect containers in a cleaner, segregated stream, increasing the proportion that can be remanufactured into new bottles and creating the operational conditions required for reuse.

It is also relevant that Wales already ranks among the highest recycling nations globally. As performance approaches its practical limits under a kerbside-led model, further environmental gains depend on improving material quality and shifting towards reuse. A deposit return scheme provides the infrastructure necessary to enable that transition.

International evidence shows that deposit systems can reduce drinks-container litter by up to 85%, including in countries that already have strong recycling performance.

Claim 2: “Including glass adds cost and complexity for little benefit”

UK Government impact assessments show that both glass-inclusive and non-glass DRS models deliver positive net benefits to society. Earlier modelling in 2021 indicated a higher benefit–cost ratio when glass was included (1.93 with glass compared with 1.65 without). Updated 2024 analysis for England and Northern Ireland reported benefit–cost ratios of 1.3 with glass and 1.4 without.

In all cases, the modelling demonstrates that a Deposit Return Scheme delivers net societal benefit. The policy question is therefore not whether DRS is beneficial, but which configuration best supports environmental outcomes, high-quality material capture, litter reduction and long-term system resilience.

Including glass broadens the material scope of the scheme, captures a significant portion of drinks-related litter, and strengthens the platform for future reuse systems. Decisions on scope therefore involve strategic environmental and system-design considerations alongside cost modelling.

Claim 3: “The Op glass transition creates complexity without behaviour change”

The transition period is designed as a pragmatic implementation phase rather than an end state. Glass is included from the outset to avoid the need for costly retrofitting at a later stage.

The four-year transition provides time for industry to adapt systems, labelling, and data processes, while also enabling reuse pilots and operational trials. Deposit Return Schemes are long-term infrastructure policies expected to operate for decades. A four-year transition period should therefore be considered in that wider context.

Claim 4: “Consumers will be confused and the UK market fragmented”

International experience suggests that limited regional variation is manageable. Deposit systems operate successfully across multiple European countries with frequent cross-border travel, including within the Nordic region and across the Schengen area.

Federated systems in countries such as Canada, Australia and the United States also operate with regional differences while maintaining high return rates and strong public participation. Evidence from these systems does not suggest that limited differences in scope lead to widespread consumer confusion.

Reverse Vending Machines (RVMs) - the common return mechanism for retail outlets - are highly sophisticated and can be adapted to different national and regional models, including communication and promotion methods.

Claim 5: “Producers will pay twice under EPR and DRS”

Policy intent across the UK is to avoid double charging. The Welsh Government has confirmed that containers captured by the Deposit Return Scheme will not also be subject to packaging Extended Producer Responsibility (pEPR) fees.

DRS and pEPR are designed as complementary instruments with different functions. DRS manages the collection and recycling of specific drinks containers through a deposit-based system, while pEPR covers the wider packaging stream and the net costs of managing household packaging waste. The principal issue for scrutiny is therefore how clearly the exemption mechanisms are defined and communicated, rather than whether double charging will occur in principle.

As an example, Welsh Government are currently consulting on extending the pEPR scheme to litter payments. These proposals would not extend to glass, nor any other drinks containers captured by a Welsh DRS.

Key considerations for Members

In considering these regulations, Members may wish to focus on the long-term benefits for Welsh communities, the environment, and the economy, alongside the importance of providing certainty for businesses and maintaining momentum towards the UK-wide roll out in 2027.

Legislative continuity and policy certainty

The regulations provide the statutory basis for the Welsh Deposit Return Scheme. Non-approval would create significant uncertainty for producers, retailers, local authorities, and infrastructure providers who are already preparing for implementation. It would also disrupt the wider UK-wide rollout, where supply chains and operational systems are closely interconnected.

Environmental outcomes and public priorities

International evidence shows that Deposit Return Schemes are among the most effective tools for reducing drinks-container litter and improving material quality. Survey evidence indicates strong public concern about litter and fly-tipping, with 87% of the public supporting a glass-inclusive scheme, and 86% of voters identifying litter and fly tipping as priorities for the next Welsh Government. In a pre-election context where litter and fly-tipping consistently rank among voters' top local concerns, legislative clarity on DRS provides visible delivery against those priorities.

Alignment with circular economy strategy

The scheme is a core delivery mechanism within Wales's Beyond Recycling strategy and Net Zero commitments. It is intended to increase capture of high-value materials, support reuse systems, and reduce carbon impacts across the packaging lifecycle.

Interaction with producer responsibility reforms

The Welsh Government has confirmed the principle that containers captured by DRS will not also be charged under packaging EPR. Members may wish to seek assurance that exemption mechanisms, especially for indirect sales and dual-use packaging, are clearly defined and communicated to industry.

Phased implementation and long-term system design

The four-year transition period for glass is designed as a pragmatic implementation phase, allowing supply chains, labelling systems, and reuse trials to develop before a deposit is applied. Members may wish to consider this in the context of a long-term infrastructure policy expected to operate for decades.

Opportunities for future system evolution

The regulations establish a framework that can evolve over time. This includes the potential for reuse targets, digital deposit technologies, and closer integration with kerbside systems as evidence and operational experience develop.

Duties under the Well-being of Future Generations (Wales) Act

Members are required to consider the long-term, preventative, and integrated impacts of policy decisions. The Deposit Return Scheme is designed as a preventative measure, reducing litter, conserving resources, and lowering carbon emissions over the long term.

In that context, Members may wish to consider whether delaying or halting the scheme would be consistent with the Act's principles of prevention, long-term thinking, and the goal of a more resilient and globally responsible Wales.

Conclusion

The Deposit Return Scheme (Wales) Regulations 2026 represent the culmination of several years of policy development and consultation. They establish a comprehensive framework covering plastic, cans, and glass, while providing a pragmatic transition period and a pathway towards reuse.

Evidence from international systems, UK Government modelling, Welsh litter surveys, and public health data indicates that including glass improves environmental outcomes, increases material value, and strengthens the overall benefit of the scheme.

The proposed scheme will deliver near-immediate benefits through reduced litter, higher capture rates, and improved material quality. These changes are expected to support cleaner streets, parks and beaches, while also reducing risks to people, wildlife and pets, and improving the quality of public spaces across Wales.

Over time, the scheme also has the potential to strengthen the Welsh economy by retaining more material value within the country, supporting recycling and reuse infrastructure, and creating opportunities for new circular economy businesses and jobs. In environmental terms, the most significant long-term carbon reductions are expected to come from the development of reuse systems, which the regulations are designed to enable.

Taken together, the regulations set out a staged, evidence-based approach that balances environmental ambition with operational practicality, while maintaining alignment with the wider UK rollout. They also provide the statutory foundation for cleaner communities, a stronger circular economy, and a lower-carbon future for Wales.

Annexe – Further Industry claims and responses

Claim 6: “Up to 97% of glass products will disappear from Welsh shelves”

This is a figure recently presented by British Glass, and it appears to be based on counts of product lines rather than market share or tonnage. Members may wish to seek clarification on the assumptions behind the 97 per cent claim.

The regulations include a low-volume producer exemption. When this is applied, the proportion of containers affected is significantly lower than headline figures suggest. It is worth noting that most large producers already operate across multiple markets with differing packaging rules, and the Welsh scheme forms part of that wider regulatory landscape.

Claim 7: “DRS restricts packaging flexibility and product choice”

Deposit Return Schemes do not require uniform packaging across producers. However, reuse systems function most efficiently where there is a degree of standardisation in bottle design and format. International evidence shows that shared bottle pools - where multiple producers use common bottle types - significantly reduce washing, transport and sorting costs and improve carbon performance. Standardisation increases the number of reuse cycles per container and reduces system friction.

Retailers and producers already make packaging decisions within regulatory frameworks, including labelling, safety, and recycling requirements. A move towards greater consistency in certain bottle formats is a commercial and logistical choice that can unlock economies of scale in reuse systems, rather than a regulatory constraint imposed by DRS. In this context, DRS provides the infrastructure for return and collection, while reuse becomes a commercial and system-design opportunity built upon that foundation.

Claim 8: “Small producers cannot operate within a Deposit Return Scheme”

International experience does not support this claim. Deposit Return Schemes operate successfully in markets with thousands of small and medium-sized producers, including independent breweries, wineries and soft drinks manufacturers. The Welsh regulations include a low-volume producer exemption and a phased transition for glass, specifically designed to reduce administrative and cost pressures during implementation. The Deposit Management Organisation will undertake much of the system administration, further limiting the operational burden on individual producers.

It is also important to recognise that many multinational drinks companies already operate within deposit and reuse systems across Europe and beyond. These businesses routinely comply with differing labelling, reporting and packaging requirements across jurisdictions. Participation in DRS is therefore not a novel or untested operating model for much of the industry.

In countries such as Germany, Norway and the Republic of Ireland, SMEs operate alongside global producers within DRS frameworks without widespread market exit. The key determinants of viability are clarity of scheme design, proportionate fees and access to shared infrastructure, not business size. Over time, well-designed schemes can create new commercial opportunities, particularly where shared return systems and reuse infrastructure reduce packaging costs.

Claim 9: “Glass inclusion will cause major costs for SMEs and hospitality”

The regulations include several mitigating features designed to reduce impacts on smaller businesses. These include exemptions for low-volume producers, alignment with the wider UK launch timetable, and a four-year transition period during which glass carries a zero-pence deposit. In the longer term, the scheme reflects the producer pays principle by shifting the cost of managing drinks packaging from local authorities to producers, consistent with wider packaging reforms.

Claim 10: “Retailers cannot cope with glass returns”

The scheme provides flexibility in how return obligations are met, and the transition period is designed specifically to allow time for infrastructure planning and investment.

Small store exemptions reduce obligations for very small retailers, while manual return options remain available where reverse vending machines are not practical. The phased approach to glass is intended to reduce early operational pressures while systems are developed.

Claim 11: “DRS duplicates kerbside recycling and undermines local authorities”

Deposit Return Schemes and kerbside recycling serve different purposes. Kerbside systems collect materials generated in the home. DRS captures drinks containers wherever they are consumed, particularly on-the-go and in public spaces where litter occurs. By design, DRS moves a specific packaging stream out of local authority waste systems and places responsibility for it directly on producers. This reduces reliance on council-funded collection and reflects the polluter pays principle.

Concerns have been raised about councils losing glass revenue or EPR funding. However, the economic modelling underpinning both DRS and packaging EPR accounts for these interactions. As containers transition into DRS, producers fund their collection through the scheme rather than through local authority systems. Over time, this reduces councils’ exposure to material price volatility and shifts costs from council tax payers to producers.

Even so, the transition will require careful monitoring to ensure that interactions between DRS and pEPR operate as intended and that local authorities are not exposed to unintended short-term impacts. International evidence shows that DRS and kerbside systems operate successfully alongside one another, improving overall performance rather than undermining it.

Claim 12: “Glass inclusion will push producers into other, less recyclable materials”

The Welsh scheme covers all major drinks container types, including plastic, cans, and glass. This reduces the incentive to substitute materials solely to avoid regulation. The longer-term policy direction is towards reuse and reduced reliance on single-use packaging across all materials.

Claim 13: “Unique Welsh labelling will be required immediately”

The regulations provide a transition period for glass. During this phase, glass containers carry a zero-pence deposit and are not required to display a scheme logo or deposit value. This period is intended to give supply chains time to adapt systems and processes. Digital identifiers and interoperable data solutions are also being explored during this phase.

Claim 14: “Administrative and infrastructure costs are too high”

While the scheme requires upfront investment, government modelling indicates a positive benefit-cost ratio. Long-term savings are expected from reduced litter clean-up costs, higher material value from cleaner collection streams, and integration with packaging extended producer responsibility. The Deposit Management Organisation is designed to handle most system administration on behalf of producers and retailers.

Claim 15: “Reuse is more carbon intensive due to additional transport, washing and handling”

The production of new glass is energy intensive due to high-temperature furnace operations. Avoiding repeated remanufacture can therefore deliver significant carbon savings.

It is correct that reuse systems involve additional stages, including collection, transport, washing and redistribution. The overall carbon impact depends on system design, transport distances, return rates and the number of reuse cycles achieved. However, lifecycle assessments from multiple jurisdictions indicate that well-designed reusable glass systems can deliver substantial carbon savings compared with single-use containers, often in the region of 60–85 per cent. These savings are highest where bottles are standardised, reused multiple times and transported within optimised regional networks.

International evidence also shows that integrating reuse with deposit return infrastructure increases return rates and reduces breakage, both critical to environmental performance. The Welsh approach is staged to allow reuse models to be piloted before formal targets are introduced. The regulations establish the enabling framework; the carbon outcome will depend on system design and industry collaboration.

Claim 16: “Including glass in Wales but not England creates a £300 million fraud risk”

Some industry representatives have suggested that divergence could create fraud risks of up to £300 million. Members may wish to seek clarity on how this figure has been calculated.

The risk arises if deposit return schemes operate elsewhere in the UK with no scheme in Wales. In that case, drinks containers sold in Wales could still carry a UK-wide deposit logo and be redeemed across the border. Containers purchased in Wales without a deposit could therefore be returned in another UK nation, creating financial exposure.

The proportionate way to eliminate this risk is to ensure that a Deposit Return Scheme is operational in Wales with controls in place, including barcode validation, cross-border data matching and auditing. Fraud risk exists in all deposit systems and is managed through scheme design and coordinated implementation, not by excluding materials or leaving one part of the UK outside the system. In practice, fraud risks in mature systems are low and are addressed through routine verification and enforcement mechanisms.

Claim 17: “DRS undermines remelt and PRN incentives”

DRS removes a defined beverage packaging stream from the PRN system and instead creates a dedicated, producer-funded return mechanism. While this changes how reprocessors are funded, deposit systems typically generate cleaner, less contaminated glass streams, which can support high-quality remelt. The issue for scrutiny is how DRS and pEPR are aligned to maintain appropriate incentives across all glass streams, rather than whether glass is included in DRS.

Claim 18: “Reuse is not permitted under UKIMA”

Industry briefings question whether reuse provisions can proceed given UKIMA considerations. The current regulations establish a framework enabling reuse to be developed through future secondary legislation. Any future reuse provisions would be subject to appropriate intergovernmental processes.

The present question before the Senedd concerns the establishment of a deposit-based collection framework. Reuse development will follow established legislative routes at the appropriate time.

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

Dr David Clubb

Chair, National Infrastructure Commission for Wales

26 February 2026

Dear David,

Annual scrutiny of the National Infrastructure Commission for Wales

I would like to extend the Committee's thanks to you, Dr. Jenifer Baxter and Helen Armstrong for attending its meeting on 21 January to give evidence on the National Infrastructure Commission for Wales' (NICW) latest annual report and on-going work.

While the Committee would usually publish a report following annual scrutiny sessions, as time is limited before dissolution, Members agreed that it would be more appropriate to follow-up issues raised during the session in correspondence. These are set out in the Annex.

We would like to thank all Commissioners and secretariat for the constructive way in which they have engaged with the Committee throughout the Sixth Senedd. We hope that engagement continues between the Committee's successor and the NICW in the Seventh Senedd. We also note your intention to step down as Chair in the summer and would like to thank you for your contribution as Chair of the NICW. We wish you every success in the future.

A copy of this letter has been sent to Huw Irranca-Davies MS, Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs, and to Rebecca Evans MS, Cabinet Secretary for Economy, Energy and Planning, who will be appearing before the Committee during her final general scrutiny session on 5 March 2026.

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It would be helpful if you could provide a response by Friday 13 March.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Llyr', with a stylized flourish underneath.

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

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

Annex: Annual scrutiny of the National Infrastructure Commission for Wales

The Welsh Government's review of the NICW

We welcome the update on progress made towards implementing the recommendations arising from the Welsh Government's review of the NICW. On the matter of performance metrics, you indicated that you are in the process of developing a suite of KPIs.

We are keen to ensure that KPIs are in place for any successor NICW to help monitor its impact and improve performance reporting throughout its tenure.

NICW's role and relationship with Welsh Government

We welcome your openness in discussing the challenges the NICW has faced in communicating and engaging with the Welsh Government. The Committee remains concerned about the Welsh Government's responsiveness to the Commission's work and the lack of consistent, structured engagement between the NICW and the Welsh Government.

We were disappointed to hear that Commissioners often learn of developments linked to its own recommendations through indirect or informal means - including social media.

We expect the Welsh Government to work with the NICW, supported by its Welsh Government-provided secretariat, to put in place appropriate arrangements aimed at ensuring that the Commission is routinely informed of developments pertinent to its recommendations and on-going areas of work.

Influence and impact

We explored how effectively the Welsh Government engages with and responds to the Commission's recommendations. You told us that responses have been superficial, and that, at times, it has been difficult to determine whether the Welsh Government has accepted or rejected the Commission's recommendations. We are concerned that this lack of clarity makes it harder for the Commission to assess the impact of its work and to plan future activity effectively.

We were also concerned to hear that limited technical capacity within Welsh Government could be leading to technical recommendations being misunderstood or addressed only at a surface level. We note your evidence that this contributes to a disconnect between what the NICW hears from its professional advisory groups and what the Welsh Government perceives to be happening on the ground.

We are aware that the Welsh Government is due to respond to the NICW's report on climate adaptation before the end of the Sixth Senedd. We expect the Welsh Government to provide a considered and substantive response to the report. In doing so, it should set out clearly whether it has accepted or rejected the NICW's recommendations and provide detailed rationale for its decision. As



you know, we have raised the issue of Welsh Government's responsiveness to you in our previous reports and we intend to raise this matter further with the Cabinet Secretary for Economy, Energy and Planning when she appears before us later in the spring term.

We welcome the positive impact of NICW's work in engaging communities across Wales, particularly in Crickhowell and Grangetown, and its efforts in raising public awareness of climate change and infrastructure.

NICW's climate adaptation report

We welcome the publication of the NICW's report on climate adaptation.

You told us that climate adaptation has not been given "equal consideration" as climate mitigation in terms of investment, policy and planning by the Welsh Government. The Committee shares the NICW's view and questioned the Cabinet Secretary for Climate Change and Rural Affairs on this issue during his appearance before us on 11 February 2026. The Cabinet Secretary acknowledged that there had "been more focus on climate change mitigation rather than adaptation" but that this was not unique to Wales. He also asserted that "this is changing", highlighting the Welsh Government's need to drive forward its 2024 climate adaptation strategy. We expect our successor committee will wish to scrutinise the Welsh Government's progress on climate adaptation during the Seventh Senedd.

We were pleased to hear that you have shared the findings of your climate adaptation report with the UK Climate Change Committee's (UK CCC) Adaptation Committee. You told us that you expect the findings to be reflected in the UK CCC's climate change risk assessment, due in May 2026. We would be interested to hear how you intend to assess the extent to which your findings have influenced the risk assessment.

The Future of the NICW

We considered the future role and positioning of the NICW. You told us that the Commission has exceeded expectations despite resource constraints and has "created a brilliant framework for the next commission to take on". You added:

"We will be pushing the new Welsh Government to invest further in this commission, because I think that we've demonstrated a big impact, and we can do more with a bit more resource."

We acknowledge that decisions about the NICW's future will be a matter for the next Welsh Government. We welcome your paper on the evolution of the NICW, which we would expect the next Welsh Government to give careful consideration to, when reaching its decision.

We expect the future Welsh Government to reach an early decision on the NICW's long-term status in the Seventh Senedd, and to ensure that any future Commission is adequately resourced.

Ein cyf/Our ref: MA/HIDCC/0569/26

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

26 February 2026

Dear Llŷr,

I received a letter from Baroness Hayman of Ullock, the UK Government Minister for Animal Welfare and Biosecurity, requesting consent to the application of the Windsor Framework (Retail Movement Scheme: Plant Health) (Amendment) Regulations 2026 (the Regulations), which are due to be laid on Tuesday 28 April 2026. I wish to inform the Committee of the intention to consent to the application of the Regulations to Wales. The Regulations will be made by the Secretary of State and apply to Wales, England and Scotland.

The purpose of the Regulations is to bring Great Britain (GB) into alignment with European Union (EU) import requirements for certain Rest of World goods (originating from non-EU or UK countries), specifically for pest control reasons, protecting the biosecurity of the island of Ireland whilst maintaining the flow of trade between GB and Northern Ireland (NI).

The arrangements for the Northern Ireland Retail Movement Scheme (NIRMS) were announced by the UK Government and the EU on 27 February 2023. The list of goods eligible to move from GB to NI under NIRMS includes tomato, pepper and ginger. The EU will amend import requirements for tomatoes and peppers from Taiwan and Israel, and all ginger from the Rest of World, via an Implementing Regulation, published in draft on 3 December 2025, amending Commission Implementing Regulation (EU) 2019/2072. The amendments relate to pest measures, specifically against the pest *Bactrocera latifrons* for tomatoes and peppers, for which GB currently aligns on import controls. The EU are also introducing new measures on ginger against the pest *Ralstonia pseudosolanacearum* to mitigate this developing pest risk.

GB is not dynamically aligned with the EU in this area. Alignment of import controls for these goods, both in the legislation and in practice, makes them eligible for NIRMS and is included in the Written Guarantees associated with the Scheme.

These goods are currently eligible for movement to NI under NIRMS. GB currently aligns with the EU's import controls on *Bactrocera latifrons* for tomatoes and peppers. However, the EU are updating their legislation to include Taiwan and Israel in the current legislation.

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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 EU are also introducing new measures against *Ralstonia pseudosolanacearum* for all Rest of World ginger. The Regulations are required to amend the entry requirements for the relevant products, to maintain alignment with EU legislation in order to keep these goods on the list of Rest of World products eligible to move via NIRMS.

Although the Welsh Government's general principle is the law relating to devolved matters should be made by the Welsh Ministers, on this occasion it is considered consistent with the Welsh Government's principles on UK legislation in devolved areas that the Regulations be made by the Secretary of State. The Regulations impact on biosecurity which has traditionally been approached as a joint concern. GB is an island and plant pests and diseases have no respect for the borders between countries. The Regulations relate to the importation of plants and most of these goods which enter Wales come through English ports.

Introducing separate regulations in Wales, England and Scotland would risk divergence on biosecurity matters where policy is aligned. This may hamper enforcement by cross border bodies and place an additional burden on businesses. Businesses benefit from significantly reduced certification and checking requirements when moving products from GB to NI via NIRMS.

There is no policy divergence between the Welsh and UK Government in this matter, and the Regulations amend legislation that was not made bilingually. We will notify the general public when consent is given and the Regulations are laid before the UK Parliament.

I have written similarly to the Chair of the Legislation, Justice and Constitution Committee

Yours sincerely,



Huw Irranca Davies AS/MS

Y Dirprwy Brif Weinidog ac Ysgrifennydd y Cabinet dros Newid Hinsawdd a Materion
Gwledig Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs

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Chair
Finance Committee
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Date issued: 26 February 2026

Dear Peredur and Mark

Challenges and opportunities for Welsh public services

As you are aware, I am approaching the end of my term as Auditor General over a period that coincides with the Senedd election. Whatever the policy priorities for the next Welsh Government, the incoming administration faces some big questions around the future sustainability of our public services.

We recently released a [podcast series](#) that explored my perspective on some of those issues. My reflections built on the work of Audit Wales over the past eight years, as also summarised through my earlier [Picture of Public Services](#) reporting, my [‘Firefighting to future-proofing’](#) commentary, and my [‘No time to lose’](#) report on implementation of the Well-being of Future Generations (Wales) Act 2015. The podcasts also touch on themes discussed during my appearance at the [Finance Committee on 5 November 2025](#) as part of its Welsh Government budget scrutiny and in my [supporting written evidence](#). That evidence highlighted various relevant examples from my more recent work.

As your committees reach the end of their own terms, I wanted to put on record a summary of some of the thinking that sits behind the podcast series, although this is by no means exhaustive.

Frustratingly perhaps, much of what I have set out is not new; for example, my reflections around our public service landscape mirror issues raised by my predecessor and, before that, by other commentators. These issues are, in my view, ever more pressing. In the course of my time as Auditor General, I have seen much that is good. But the challenges facing public services are huge and the scope for improvement considerable. I hope that these reflections, and the fabulous work of my colleagues at Audit Wales, will be drawn on by the next Senedd and Welsh Government as they seek to address those issues.

As I step down, I should like to thank both Committees and the wider Senedd for their support for the work of Audit Wales throughout my tenure.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Adrian Crompton', with a long horizontal stroke extending to the right.

ADRIAN CROMPTON
Auditor General for Wales

Copied to: Senedd Policy & Legislation Committees

Auditor General reflections on challenges and opportunities for Welsh public services

Wales has a strong and capable public service

The people of Wales rely on our public services – we see their impact and delivery all around us in our schools, our hospitals, our homes, our environment, our communities.

Those services in turn rely on the skill, hard work and dedication of hundreds of thousands of public servants – frontline staff, politicians, senior leaders – whose motivation is to serve their communities and to improve the lives of others.

Services have been tested by two decades of financial pressure, demographic and social change, ever increasing demand, and wider challenges from climate change, Brexit and global events. The COVID-19 pandemic rocked our society to its core and called for an unprecedented response. The residual effects of the pandemic are still with us today in the shape of pent-up demand for services and fundamental changes to society and behaviours.

There is much to reflect on and learn from the pandemic response, as we are still seeing played out through the UK public inquiry and wider scrutiny. However, we should recognise we also saw the very best of the public service in Wales during the response. Frontline workers continued their vital work, often under immense pressure; the NHS and local and central government collaborated to deliver life-saving initiatives such as the Test, Trace, Protect programme and mass vaccination; all parts of the public service adapted swiftly through remote working and service redesign to continue supporting their communities.

Though a dreadful time for so many, the response showed what can be achieved when public services are united around a clear, common objective and pulling in the same direction. We saw this too in how public services worked together to accommodate and support displaced Ukrainians arriving in Wales from early 2022 onwards, building on learning from the pandemic response.

But excellent service delivery is not just about responding to emergencies. The public have a right to expect it always and for the flexibility, collaboration and pace we saw in the pandemic to be standard. They should also expect that public money is well-managed and delivering good value.

Persistent and emerging challenges

Through the work of my office, I have consistently reported on some persistent challenges faced by the public sector.

Financial pressures

In local government, budgets have been squeezed. Fast rising costs in areas like children's services and temporary accommodation are bringing some councils to the very edge of financial sustainability.

Generally, we see councils having a sound grip on their immediate financial pressures but with many relying on reserves to balance budgets.

This approach is unsustainable in the long run. Individual councils, and the sector as a whole must strengthen their long-term planning, forecasting and oversight if they are to remain financially viable.

In the NHS, the Senedd passed legislation in 2014 requiring individual health bodies to break even over a three-year period and to have medium-term financial plans that are approved by the Welsh Government. Yet despite these statutory expectations, most health boards have been unable to meet that break-even duty for several years.

Despite record levels of investment and ever-increasing levels of savings, health boards are struggling to control costs driven by rising demand for services, overall growth in pay costs, and other inflationary pressures. With most health boards still unable to produce financially balanced three-year plans, the overall NHS deficit position is unlikely to change for the foreseeable future.

Those financial pressures stimulate an understandable focus on short-term financial management. But this reactive approach hinders the longer-term planning and transformational changes that are needed to create more financially sustainable services.

This is all before we add into the mix wider pressures, for example around the investment needed to support policy priorities around decarbonisation, deal with the impacts of climate change, and help society adapt. I have reported previously that the scale of spending that might be needed in these areas, and where that funding will come from, remains unclear.

Against this backdrop, making the most of every pound of public spending is essential. The work of my office gives assurance that, overwhelmingly, public money

is well managed. Many public bodies demonstrate strong governance and accountability. However, there is still waste, error, and fraud. Exercises like the data matching we facilitate as part of the UK-wide National Fraud Initiative are an important part of our counter fraud landscape. However, there is much more that public bodies need to do to raise their game in response to increasing fraud risks.

Demand and performance

Demographic and societal change, and the lingering impact of the pandemic are driving ever-increasing demand.

In some important areas, service performance and quality are declining. My 2025 report on cancer services, for example, described a failure to meet key waiting time targets and growing inequalities in outcomes despite increased funding. These issues are compounded by workforce shortages, ageing infrastructure, and rising public expectations.

Simply allocating more funds does not guarantee a solution. Except for 2022-23, the NHS has seen large, above inflation increases in its funding in recent years yet still it is unable to break even and performance in many areas is unsatisfactory.

And that ever-growing share being taken by the NHS undoubtedly squeezes the resource available for other areas. That changing pattern of funding between sectors needs to be rebalanced if important services are to be sustainable, and better outcomes need to be achieved across the board with the public money that is available.

Complexity and fragmentation

The public service delivery landscape in Wales is crowded. By way of illustration, my office audits the accounts of close to 100 larger public bodies and structures, even before considering other smaller bodies that I audit, notably the over 700 town and community councils.

In addition, various partnership and collaborative arrangements exist to address the challenges and problems that cannot be addressed by individual organisations alone; for example, Public Services Boards, Regional Partnership Boards and Corporate Joint Committees.

These partnership structures are of variable effectiveness – with some very good and others less so. They often work on differing geographical footprints and can have

overlapping memberships and objectives. They each require contributions from many of the same players, so spreading available resource more thinly.

While every one of our public bodies and partnership structures is no doubt rooted in a well-intentioned rationale, the combined effect is overly complex.

That complexity leads to a system that can be fragmented and slow-moving, with overlapping responsibilities and unclear lines of accountability. This complexity can hinder transformation and make it difficult for citizens to navigate services or understand who is responsible for what.

Our work also shows how many public bodies often fail to capture the service-user perspective. This affects service design, public understanding of lines of accountability, and the ability of service users to navigate what can be complex and poorly signposted systems.

Trust and confidence

I have growing concerns about declining trust and confidence in public services and governance structures across Wales.

That is not unique to Wales and is fed in part by factors beyond our control – broader geopolitical and domestic political issues, societal changes, change in the way people access media, information and analysis, the public's view of politics nationally and internationally.

Some factors, though, are much more within our gift. To win and maintain public trust and confidence, we must consistently demonstrate public service delivery that is timely and of good quality. When outcomes are poor and are not seen to improve – or seen to worsen – it is unsurprising that the public loses confidence in the public sector's capability. Not so much in the efforts of individuals and frontline services, but organisationally and system-wide.

We know from our own work and wider evidence that poverty and inequality remain deeply entrenched in many communities despite the best efforts of local government and others.

Similarly, my work in the NHS has shown that the failure to meet targets in key areas such as elective waiting times and ambulance handovers has sadly become the norm. This is demoralising for staff and will colour patients' views.

A further factor, on which I have a direct line of sight, is governance. It might not sound the most obvious cause of low public confidence, but I believe it is important.

The overwhelming majority of public sector organisations are well governed most of the time. Regrettably, though, I have reported on too many examples of poor organisational governance at every tier of the public sector – from the Welsh Government itself to the NHS, local government, some central government organisations, and the smallest tier of government in our town and community councils.

I fear even a small number of such cases colour the public's perspective of public sector governance in the round. These failures invariably feature some weaknesses in process such as poor record-keeping, application of policy, or a lack of transparency. But more significantly, in my view, many governance failures in public organisations are rooted not in process but in human behaviour.

If those in the public sector, especially in positions of leadership, lose sight of the required values and behaviours, the effects are damaging. They manifest in the form of poor decision making, relationship breakdown, wasted public money – on settlement payments, legal or consultancy fees – and distracted organisational leadership and service provision.

And every time the public sees such examples, it further undermines their confidence and trust: trust that is essential if the public is to support the kind of transformation required to make our public services sustainable for the long term.

Opportunities to do things better

Getting the basics right

Effective public service delivery begins with getting the basics right. Years of financial pressure has left some important areas under-invested and this needs addressing if we are to improve services and increase public sector productivity.

Digital

The technology already exists to transform service delivery, reduce costs and improve the user experience. I recognise that the public sector is already working to improve its approach to realising benefits from digital solutions and identifying services requiring transformation.

This work must replace antiquated IT systems, improve the quality and shareability of data, recruit and retain scarce skills in high demand across the economy, and reshape service delivery with citizens and users at the heart. The challenge is considerable.

The potential efficiency gains in those services are enormous, with more modern and responsive public services delivering improved service to customers. However, I have also emphasised the importance of balancing spending on infrastructure with work to tackle the root causes of digital exclusion. And while artificial intelligence presents great opportunity, it is not without risk.

My work on councils' digital strategies has revealed uneven progress. Only half of Welsh councils had up-to-date digital strategies, and many lacked robust arrangements for resourcing, monitoring, and evaluating impact.

In the NHS, digital transformation can be extremely slow and made more difficult by funding and capacity constraints, information governance challenges, and a lack of consistency on the 'Once for Wales' approach.

One prime example of these challenges can be seen in my previous reporting on the implementation of the Welsh Community Care Information System where, unfortunately, the reality of implementation did not meet the original ambition.

More specific and closer to home, my audit work could be made far more efficient and effective if the bodies we audit had modern systems for their financial and

performance information. In many cases, bodies instead have ageing, unreliable systems that are difficult to interrogate or integrate.

Many systems are outdated and not fit for purpose, limiting the ability of organisations to manage operations effectively or provide timely, reliable data for audit and decision-making. This technological deficit hampers both assurance and accountability, and crucially the ability to modernise and join up services to make them more efficient and improve the end-user experience.

So investing in updated finance and performance platforms is not simply to benefit the auditor – that is a relatively marginal matter. The more important question, and what should be front of mind for senior leaders, is how can they expect to run well-governed organisations, and take informed decisions, without them? Outdated systems can also increase cyber-security risks, something public bodies cannot afford to be complacent about.

Workforce

Workforce pressures are a recurring theme across my work. In all sectors and many specialised areas, staffing challenges – exacerbated by rising demand – have strained service delivery.

Examples from our work include capacity and capability challenges within the Welsh Government's civil service, pressure resulting from recruitment and retention challenges in the NHS and education, and in other specialised areas such as digital transformation, planning, active travel, building safety, and flood defence.

We see in our audit of accounts work too that many organisations are struggling to recruit and retain high quality finance professionals. This is concerning, and not just because we need these people to help produce good quality sets of accounts but because the finance profession has an important role to play in plotting a path to a more sustainable future for our public services.

Competition for specialist skills is inevitable, even within the public sector, and there will always be questions for public bodies to ask themselves about what they do in-house and what could be done by other organisations. But there needs to be a stronger approach to developing coherent workforce strategies, aligning staffing models with future service needs, and developing staff accordingly. Without this, policy ambitions risk being undermined by operational constraints.

Asset and infrastructure management

The efficient maintenance and improvement of existing assets such as roads, hospitals, schools and flood defences is every bit as important as getting value for money in building new infrastructure. After all, new assets will only deliver promised benefits if they are properly maintained.

All too often our work has highlighted the false economy of allowing maintenance backlogs to build up. Not least within the NHS where challenges with an outdated estate can drive inefficiencies, cost and impact negatively on patient care.

So a disciplined approach to asset management, for each part of the public estate, is an essential component of the change we need to see.

Overall, the Welsh Government spends more than £3 billion a year on infrastructure, although a lot of that is delivered through other public bodies. My recent review of how the Government is managing that significant spend shows clear effort to align it with wider strategic outcomes.

But these benefits will not magically materialise. It will need a concerted effort to line up the machinery of government – baking these benefits into plans from the outset and ensuring they are delivered over the longer-term. These issues are within the Welsh Government’s gift to put right but rely on a sustained improvement in programme and project management that has not been achieved to date.

The underlying weaknesses in some of these basic building blocks of our public service contributes to the second area where I believe change is required, namely productivity and value for money in the public sector.

Productivity and value for money

In the face of rising demand pressure and ever-more stretched budgets, improving productivity and delivering better value for money is essential.

Our work points to some of the productivity challenges for the public sector, especially in the NHS where outputs in terms of activity have not increased in proportion to additional inputs in terms of money and capacity in areas such planned care.

I am sure that leaders across the public sector share an ambition to make a step change in productivity. There’s enough evidence from the positive examples we have found in our work to be confident that significant amounts of public money can be

freed up. But it will take a disciplined, focused, cross-government approach over several years to fully realise the potential and make the exceptional the norm.

Hence, my reports consistently highlight that VFM is not just about spending less, it is about making the money we do have work better. A good example is the number of people who are in hospital awaiting discharge. While there has been some recent improvement, the picture across Wales remains challenged, absorbing huge costs and adversely affecting patient flow and the optimal rehabilitation of patients.

Many discharge delays are a result of waiting for social care support, often linked to funding and resource pressures in local authorities. Better funding to increase social care capacity would therefore free up significant NHS resource and represent a cost-effective way of improving patient experience and outcomes.

In a context of constrained budgets and rising demand, public bodies must focus on outcomes, not just outputs, and ensure that every pound spent contributes meaningfully to public well-being. At a very basic level, our work shows that too often public bodies lack reliable data with which to assess value for money and are unclear as to the outcomes they are looking to achieve.

My work on Active Travel, for instance, demonstrated how the Welsh Government itself is unclear about how assessment of its policy is to be achieved. As a result, significant sums had been invested without a robust means to assess its effectiveness and value for money.

And I have reported previously on how the Welsh Government had not done enough to ensure its investment in affordable housing contributes to wider policy objectives and to be able to tell a clear story on that front.

Many public organisations struggle to report on outcomes effectively. Performance tends to focus on outputs—such as the number of services delivered—without evaluating the difference those services make.

It is vital too that the public sector views value for money through the lens of the Well-being of Future Generations Act, which requires public bodies to consider long-term impacts, prevention, integration, collaboration, and involvement. As I have emphasised through my reporting on implementation of the Act, we cannot afford for public services to design solutions that do not meet people's needs, burden future generations with avoidable higher costs, or miss opportunities to deliver more with the same or less.

That much sharper and relentless focus on the delivery of value for money also requires a mindset shift to one focused on prevention and the longer term.

Shifting to a long-term, preventative mindset

Public Health Wales has estimated that for every £1 invested in public health interventions, there is a return of £14. This includes reduced demand on hospitals, social care, housing, and emergency services.

But too often, public services operate in crisis mode, responding to immediate pressures rather than planning for the future. This short-termism is reinforced by annual budget cycles, reactive funding decisions, and political incentives that prioritise quick wins over sustainable outcomes.

The Well-being of Future Generations Act provides a legislative framework to do something different – to act for the long-term and to act preventatively by addressing the root causes of issues, rather than dealing with the symptoms.

However, I have highlighted recently some prime examples where public bodies have been struggling to make a meaningful shift towards prevention, as evidenced for example in my work on cancer services and on how councils are managing temporary accommodation demand. This is despite there being clear evidence that investment in prevention makes sense from a value for money perspective.

Though Wales has an overarching, legislative framework to drive a longer-term, preventative mindset, our work suggests it is not yet doing so.

One of the challenges with prevention is that benefits take time to materialise. This lag can make prevention politically and operationally difficult, especially in a climate of financial pressure. However, the long-term gains—in health, well-being, and cost savings—are substantial and well-evidenced.

The Welsh Government has a critical role in enabling prevention. This includes setting coherent policy frameworks, aligning funding mechanisms, and creating incentives for collaboration.

It must lead a shift towards long-term financial planning, integrated delivery models, and cross-sectoral working. This means breaking down silos and ensuring that prevention is a whole-of-government priority.

Prevention cannot be achieved through isolated programmes. It requires a more radical, whole-system change and joined-up working between a range of agencies such health, social care, housing, education, and the third sector, with aligned accountabilities and funding streams and shared outcomes. Prevention must be embedded not just in strategy documents, but in everyday decision-making,

budgeting, and service design. Without this any policy aspirations around prevention risk becoming more rhetoric than reality.

Reducing complexity

As noted earlier, the current landscape of Welsh public services is characterised by a web of organisations, partnerships, and governance structures. The cumulative effect is a system that is fragmented and difficult to navigate.

While it is not for me to blueprint the alternative, I am clear on the need to simplify and avoid further complexity. If starting from a blank sheet of paper, we would surely not design the arrangements we currently have in place.

Reducing complexity is not about dismantling collaboration but about streamlining it. We need fewer, clearer structures with well-defined and sharper lines of accountability.

This is also not simply about rationalising the number of public bodies or making their collaboration with each other more effective. Reducing complexity and strengthening integration and collaboration applies just as much to the internal functioning of public organisations. These are expectations set by the Well-being of Future Generations Act where our work demonstrates much more needs to be done.

Citizen-centred design must underpin this simplification: services should be organised around the needs of people, not the convenience of institutions. This means engaging communities in shaping services, using plain language in communication, ensuring that performance information is meaningful and accessible, and considering the equality and other impacts of decisions. It also means being honest with the public about what constitutes safe and affordable public service provision, especially in relation to health and care services.

A simpler, more streamlined public service in Wales would also help breakdown silos within and between sectors and support better sharing and embedding of good practice. The latter is something that Wales seems to struggle with and all too often my work points to unexplained and often unacceptable variation in performance across different public bodies. This is despite our relatively small size and the close connections of many in the public sector. When good practice is established in part of the public sector, a more robust approach to 'adopt or justify' elsewhere may be required.

As Auditor General I see complexity manifested in other ways, including through our annual audit of the accounts of public sector bodies. A dry topic to some, this work is

essential if the public and the Senedd are to have an accurate and timely picture of the state of the public finances. For individual organisations, that accuracy and timeliness are essential if good decisions are to be taken.

For our local authorities, for example, the financial regime in which they operate is becoming increasingly technical with disproportionate emphasis on things like asset valuations and pension liabilities. Important, but obscuring what truly matters to users – councillors, officers, the public – namely, how public money is spent and the value it delivers.

I see some particular challenges emerging in this area which, if not addressed, will quickly weaken the overall financial regime and lead to poor decision making and a reduction in transparency.

Leadership

Addressing the areas I have mentioned will require political and executive leadership.

That means being honest about the scale of change required, making difficult decisions, and communicating clearly the necessary trade-offs. It also means modelling the behaviours we want to see: integrity, collaboration, and a relentless focus on outcomes.

The Welsh Government has a pivotal role to play in enabling this transformation. It is our system leader, sets the tone, and provides the legislative and financial frameworks within which other public bodies operate. While the Welsh Government does much that is good, too often I find myself reporting that it needs to be clearer and firmer in its system leadership.

My work has also highlighted examples where the Welsh Government can do more to support implementation of legislation it has introduced and follow up on whether it is being implemented effectively and having the desired impact.

It must provide clarity and coherence across policies, funding, and accountability frameworks. Mixed messages – such as promoting prevention while incentivising short-term performance targets – undermine progress.

This has been my central message in much of the work we have done around the Well-being of Future Generations Act. So that, for example, the expectation on organisations to plan and act for the long term and with prevention in mind, is not undermined by funding decisions, target setting, and accountability frameworks that incentivise the opposite.

I recognise the intense pressures faced by public sector leaders. These are difficult jobs. It is testament to them that our work often highlights examples of good practice where leaders have taken bold decisions in difficult circumstances.

But as noted already, my work on governance and transparency has also shone a light on the small number of cases where leadership fails to uphold the desired values. The result can be costly, public confidence erodes and service effectiveness suffers.

The challenges facing Welsh public services are complex and systemic. They cannot be solved by technical fixes or incremental change. They require bold decisions, honest conversations, and a shared commitment to doing what is needed.

Conclusion

Despite the significant challenges facing public services, there is potential for meaningful reform and improvement, especially if the themes I have described are sincerely addressed.

Wales is a small, tightly networked country; a population of just over three million people; a newly expanded legislative parliament and a government with significant autonomy; its public spending budget of nearly £30 billion represents almost one third of Welsh GDP; and despite challenges its public sector is highly capable and well-resourced compared to many countries.

One of our advantages is our scale. We are big enough to act strategically but small enough to be agile, collaborative and innovative. We can convene the key players on any issue, enabling us to act swiftly and cohesively in a way that is much harder in larger jurisdictions. That is a great base to work from.

The expansion of the Senedd to 96 members marks a further significant milestone in Welsh democracy. The public sector will rightly look to that new Senedd and Welsh Government for leadership in tackling the challenges I have outlined.

I very much hope that the larger legislature uses its additional capacity to improve scrutiny and accountability, and thereby to strengthen evidence-led policymaking. If not, a hard-won constitutional change will have been wasted.

As it does so, the message I would leave after eight years in the role of Auditor General is that radical transformation is needed.

It is possible, but difficult, and will require a clarity of purpose on the scale of that seen during the Covid years.

Public service leaders across Wales recognise the scale of the challenge and many are already navigating complex environments with limited resources. But the pace and progress need to be increased.

If not, our current model of public service delivery is not sustainable. Money will become even more thinly spread, services will continue to deteriorate, and outcomes will worsen. There must be a shift from short-term firefighting to long-term futureproofing, as I have called for consistently.

The Welsh Government has a critical role in providing leadership and in creating the conditions for transformation. This includes reducing funding uncertainty where possible, aligning policy and delivery frameworks, incentivising collaboration and

encouraging investment in prevention. It must also lead by example, embedding the sustainable development principle in its own operations and ensuring that its actions match its policy intent.

And even then, success will hinge on individuals making the right choices. Funding, process, frameworks and policies are important, and of course the work of auditors, regulators, politicians, and the media are essential in holding public organisations accountable. But those scrutineers should not, and cannot, be everywhere. Ultimately, our public services rely on thousands of people making the right choices, taking the right decisions, and acting in the right way.

The challenge for government and organisational leaders throughout the public sector is to make that as easy as possible – to lead by example, to role model desired behaviours, to give clarity about the scale of challenge and permission to make the changes required, and to create an environment in which all those in public service can play their part.

Cyber Security and Resilience (Network and Information Systems) Bill Committee Submission

February 2026

Executive summary

1. Cyber insurance is one of the fastest growing product lines in the UK's world leading and innovative insurance industry, and our industry is well placed to address cyber risks and convene stakeholders to collectively improve the UK's cyber resilience.
2. Cyber risks, and especially ransomware, have been identified as top economic threats, as demonstrated by cyber-attacks on leading UK businesses, including M&S, Co-op, Harrods and Jaguar Land Rover.
3. We want to work with the government on our proposal to develop a strategic dialogue to clarify and align the expectations across businesses, insurers and the government to explore how best to work together to manage cyber risk and strengthen national cyber resilience.
4. We welcome the Cyber Security and Resilience Bill and the government's focus on strengthening the resilience of the UK's essential services and their supply chains against cyber-attacks through widening the scope of the Network and Information Systems (NIS) Regulations.
5. The Bill has the potential to benefit the entire economy by enhancing cybersecurity and improving resilience across a wide range of organisations. We believe that the industry has a role to play in supporting this goal.
6. While the Bill rightly addresses gaps in our Critical National Infrastructure's (CNI) cybersecurity, we also must address the cyber resilience of Small- and Medium-sized Enterprises (SMEs).
7. We support the government's proposal to introduce a mandatory cyber incident reporting regime for essential services and their supply chains to provide a clearer picture of the threat landscape.
8. We welcome, and strongly support, the government's ambitions to simplify and streamline regulation. It's important that the Bill's reporting requirements don't contradict the government's pledges to reduce regulation and duplication, especially as the financial services regulators develop their regime to regulate Critical Third Parties.
9. Clear guidance on what to report and when must be published in a timely manner to help regulated entities comply with the new regulations, as well as adopting a proportional approach, to ensure that requirements do not become overburdensome on SMEs.

Key asks for our sector

10. Continue to work with our sector to develop our proposal on a strategic dialogue to clarify and align the expectations across businesses, insurers and the government to explore how best to work together to manage cyber risk and strengthen national cyber resilience.
11. Clearly delineate the responsibilities of businesses, insurance, and government in cyber security and understand where the industry can and cannot support these goals.
12. Work with our sector to raise awareness of the value of cyber insurance and address the cyber resilience of SMEs.

13. Set out clear, objective definitions for who will be in scope of the Bill – specifically whether financial services institutions who operate their own data centres will be drawn into the scope of the NIS Regulations.
14. Clear and timely guidance for firms under the Bill’s scope to help with compliance.
15. Ensure the reporting requirements set out in the Bill don’t contradict the government’s pledges to reduce regulation, duplication and costs for businesses and set out further detail on the exemption for small and micro-sized businesses.
16. Consider the appropriateness of the 24-hour and 72-hour timelines for reporting generally, and whether a tiered approach could be pursued for smaller regulated entities, which are less likely to have the capacity and in-house expertise to produce the reports on time.

Cyber insurance

17. Cyber insurance is a relatively new product, but it has matured in recent years, reflected by improved underwriting discipline, more clarity in policy wordings, and a better understanding of the overall risk landscape.
18. Cyber insurance is more than just an indemnity product that helps you to cover the costs of a malicious cyber incident or system outage. It offers proactive and reactive services to improve cybersecurity, detect issues early, prevent cyber-attacks from happening, and respond and recover if the worst happens. This service provision is a key driver of resilience.
19. Both the global and UK cyber insurance markets have grown at more than 20% per annum, with the UK market being forecasted to reach between £1.3 billion and £1.5 billion by 2027.
20. Last year, insurers paid out £197 million to help businesses recover from cyber incidents. Our [data](#) shows a 230% year-on-year increase in the amount paid to support businesses with cyber-attacks, £138 million more than in 2023.
21. Recent incidents affecting M&S, Co-op, Harrods, and Jaguar Land Rover highlight the growing need to focus on the expectations and responsibilities of larger businesses. These firms are not only major employers and economic anchors, but also nodes in complex supply chains, meaning their resilience has far-reaching implications. The increasing reliance on critical vendors and suppliers, such as cloud infrastructure and software providers, is driving a concentration of risk across the wider economy.
22. Despite these recent major cyber-attacks, insurers are still keen to provide cover to more UK organisations, from SMEs to multinationals, and in 2025, we continued to see excess capacity in the market.
23. We’re working with the London Market Association and BIBA to create a template cyber insurance wording and underwriting glossary of commonly used cyber terminology in partnership with insurers and regulators to help increase understanding of what cyber insurance can offer.
24. **We’ve proposed the government establishes a strategic forum to clarify and align expectations across large businesses, insurers and government to explore how best to work together to manage cyber risk and establish a framework to strengthen national cyber resilience.**

SMEs

25. While the Bill rightly focuses on building the resilience of our critical national infrastructure, more must be done to address the cyber resilience of Small and Medium-sized Enterprises (SMEs).

26. The take up of cyber insurance by UK SMEs is very low. Different methods are used to calculate insurance penetration, but reliable estimates can vary and range from 10%-40%. Last year, we published our [Cyber Resilience for SMEs: The Insurance Gap Explored](#) report, exploring how cyber insurance can help to prevent and alleviate the impact of cyber-attacks for SMEs. As recommended in our report, we want to work with the government to raise awareness of the value cyber insurance offers, both in helping to improve businesses' cyber defences and to help them withstand and survive a cyber-attack.
27. Our [Cyber Safety Tool](#), a free, interactive tool also helps SMEs assess their own cyber security and plug any identified gaps in their cyber resilience. Our Cyber Safety Tool has been created using expertise from within the insurance industry and utilises identified best practice and protocols from the National Cyber Security Centre (NCSC).
28. As cyber risks continue to grow, SMEs are typically more vulnerable and less well placed than larger businesses to respond to cyber threats, generally due to overstretched resources, including IT and potential security gaps.
29. Only 25% of medium-sized businesses, according to research by Public First and the ABI, hold cyber insurance cover. 57% of respondents to the survey have software or cloud services, but only 29% have cyber insurance protection. For SMEs with a physical premises, of those who have software or cloud services, 32% have cyber insurance protection.
30. Our report, commissioned by the ABI with Public First, [Small Business, Big Risk: Tackling SME Underinsurance](#), explores the uninsurance and underinsurance of SMEs setting out the industry's commitment to increasing SME's resilience alongside a [guide](#) for SMEs explaining insurance products, how to find the right products for their business, and the value of insurance.

Scope

31. The Bill significantly expands the scope of the Network and Information Systems (NIS) Regulations, resulting in more organisations having increased duties placed on them, including those likely to already have cyber insurance (such as cybersecurity and IT vendors), and potentially insurers. Provisions to designate organisations as critical suppliers also expand the scope of the regulations further.
32. The expansion of the regulations could mean cyber insurers or their supply chains come into the scope of regulation as operators of data centres or as providers of digital services such as continuous threat monitoring and other cybersecurity services. Insurers could potentially have a role to play in helping customers and designated critical suppliers to comply with the new duties, especially smaller organisations.
33. The Bill also updates existing duties for Relevant Digital Service Providers and makes equivalent provisions for Relevant Managed Service Providers and data centre operators to provide information to their regulators at the point of registration or designation. Insurers may want to help smaller providers by providing information on the new requirements to avoid potential fines for non-compliance.
34. The cost recovery framework for regulators to recover potential costs incurred in carrying out their new duties set out in the Bill will incur additional costs for businesses and organisations. Through imposing additional costs on businesses at a challenging time this measure could potentially deter organisations from taking out a cyber insurance policy in the first place, and lead to some opting not to renew their cyber insurance policy and spend less on other wider resilience measures.

35. If insurers are captured in the scope of the Bill, costs of compliance with the regulations would ultimately filter down to SME policyholders, who are already price sensitive.
36. **We want to see clearer objective definitions for firms the Bill brings under its scope. While we appreciate this would likely become clearer as the Bill undergoes further scrutiny, certainty is needed to help support businesses in future decision making and budget planning.**

Reporting

37. We support the proposals within the Bill to introduce a mandatory cyber incident reporting regime for essential services and their supply chains. There's strong value in the government collating and publishing information about cyber incidents, potentially through an anonymised cyber incident database or exchange platform, which could help to provide a clearer picture of the threat landscape and boost cyber resilience across the UK's economy.
38. We welcome confirmation from the government that micro and small enterprises are exempt from the reporting requirements and small digital service providers can only be regulated if they are designated as a critical supplier in rare circumstances.
39. **We remain concerned about the feasibility for smaller organisations to meet the proposed two-stage reporting structure for cyber incidents as set out in the Bill, particularly requiring a full report to the relevant regulator and the NCSC within 72 hours.** While this would be feasible for larger organisations, this would not be the case for smaller supply chain companies and firms including smaller Managed Service Providers (MSPs) and critical suppliers, especially when investigations rely on external IT providers **We want to see greater proportionality on these reporting requirements, with extended timelines or even an exemption for some smaller firms.** The reporting requirements could place further strain on outsourced IT and cybersecurity providers, who would likely be required to carry out potential investigations into incidents and prepare reports for multiple regulators on behalf of their smaller clients.
40. We would like to see clearer guidelines on what to report, and when, in recognition of the potential for the lack of cybersecurity expertise among businesses. Without appropriate guidance, businesses may have concerns about data privacy and be confused by the complexity of reporting thresholds.
41. The Bill requires the Secretary of State to produce a report at least every 5 years on how the legislation has been implemented, including exploring how the legislative objectives can be achieved in a less onerous regulatory provision. We recommend that these reviews are conducted on a more regular and timelier basis.
42. We welcome the publication of the government's [Regulation Action Plan](#) and support its wider ambitions to streamline regulation. It's important that these reporting requirements in the Cyber Security and Resilience Bill don't contradict the government's pledges to reduce regulation and duplication. The Financial Conduct Authority and the Bank of England will be shortly consulting on the regulation of Critical Third Parties, in parallel with the European Union's Digital Operational Resilience Act 2025 (DORA). Streamlined structures and coordination between the government and regulators are necessary to avoid conflicting requirements and ensure effective resource allocation for intelligence agencies.

Ransomware

43. Ransomware is fast becoming the key cyber threat facing UK organisations. We work closely with the NCSC and last year developed a [Ransomware Guide](#) for organisations experiencing a ransomware attack. Our guide aims to minimise the impact of a ransomware incident, particularly on disruptions and costs to businesses, the number of ransoms paid, and size. Since its publication, our guide has been taken up internationally and endorsed by the [Counter Ransom Initiative](#).
44. We submitted a response to the Home Office's [consultation](#) on its ransomware proposals earlier this year and have been closely engaging with government officials as those plans develop. We would like to have clarity on how the Bill's incident reporting requirements would be developed alongside the ransomware proposals being progressed by the Home Office, given how cyber security overlaps across several departments.
45. **We have serious concerns regarding the Home Office ransomware proposals.** We're concerned by the potential economic impact of introducing a targeted ban on ransomware payments and the development of a ransomware payment prevention regime covering the whole economy. **These proposals, while well intentioned, could lead to increased costs for businesses, business interruption, and potential insolvencies causing significant economic harm.** This is particularly acute for SMEs, which often lack both operational resilience and cyber insurance cover. Smaller firms simply can't withstand extended downtime, and without insurance or clarity on permissible actions, insolvency becomes a real risk.
46. These impacts can be mitigated by calibrating the details of the ransomware regime carefully. We look forward to continuing engaging with the government to achieve our shared ambitions to develop a ransomware regime that works for UK businesses and strengthens cyber security.

Huw Irranca-Davies MS

Deputy First Minister and Cabinet Secretary for Climate
Change and Rural Affairs

26 February 2026

Dear Huw,

Follow-up from general scrutiny session on 11 February 2026

Thank you for attending the Committee's 11 February meeting for your final general scrutiny session of this Senedd term. Following the session, the Committee agreed I should write to you to outline its high-level views on the areas raised, and to ask for clarification and/or further information on certain matters. These are attached as an Annex.

I should be grateful to receive a response as soon as possible and preferably by 13 March 2026.

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.

Annex: Views on areas raised and additional questions/requests for information

Water sector reform

The Committee has maintained a strong interest in the water sector and its regulation during this Senedd term. In our [February 2024 report](#), we raised concern that the sector was facing a crisis and its future was uncertain. The publication of the [Green Paper: Shaping the Future of Water Governance in Wales](#) is, therefore, a welcome development.

Given the limited time remaining this Senedd term, we are not in a position to consider the Green Paper in any meaningful way. We will, however, be suggesting that our successor committee may wish to scrutinise the reform proposals as further details emerge.

Waste

Deposit Return Scheme

When questioned on progress towards the introduction of a Deposit Return Scheme (DRS) you indicated that you would be making a statement on the scheme imminently. The following day, you made a [Written Statement](#) and laid [The Deposit Scheme for Drinks Containers \(Wales\) Regulations 2027](#) before the Senedd.

The Committee has consistently advocated for a DRS and has previously expressed frustration at the delays to its introduction. As such, we are pleased that the regulations have been laid and provide for the introduction of a DRS from 1 October 2027, ensuring alignment with the rest of the UK.

We note the regulations deliver on your long-standing commitment to include glass bottles within the scheme's scope. We also note there will be a four year transition period for glass drinks containers aimed at providing industry with the time to adapt to the scheme's requirements. We consider this to be a pragmatic approach to avoid further delays to the scheme's introduction. We have, however, recently received correspondence from the industry raising concern about the inclusion of glass drinks containers. We will be writing to you separately on this matter.

Single-use plastics

We were disappointed to learn that the Welsh Government will not meet its commitment to implement Phase 2 of the single-use plastic products ban in spring 2026. We note that implementation of the ban will require an exclusion from the UK Internal Market Act 2020 (UKIMA). You explained that, following the UK Government's review of UKIMA, it has changed its approach to agreeing exclusions. You said that, as a consequence, there is insufficient time to agree an exclusion before the Senedd pre-election period begins.



The commitment to implement the Phase 2 ban was made in autumn 2023. It is unclear, therefore, why the Welsh Government did not seek an exclusion at an earlier stage to ensure that it could deliver on its commitment. **We would be grateful for an explanation, including clarification of when discussions with the UK Government on securing an exclusion first commenced.**

Coal tip safety

We welcome the adoption of a multi-year approach to funding coal tip safety. You explained that Phase 1 of the grant scheme (2026-2030) will allocate £80m to 10 local authorities and Natural Resources Wales, enabling major capital works through to minor maintenance work. **We would be grateful for a breakdown in allocation for Phase 1 of the scheme.**

During our scrutiny of the Disused Mines and Quarry Tips (Wales) Bill (since enacted), stakeholders raised concern that the Bill could inadvertently lead to an increase in coal extraction. Consequently, you committed to amend The Town and Country Planning (Notification) (Coal and Petroleum) (Wales) Direction 2018 to make it explicit that the definition of “coal development” includes operations in connection with disused coal tips. In updating us on progress, you confirmed that you intend “to introduce the amended direction before the end of this Senedd term”. We welcome this and hope that it will go some way to addressing the concerns raised by stakeholders.

Air quality

We sought an update on the proposed ban on the sale of wet wood and other highly polluting fuels for domestic use. We note that regulations to implement the ban will not be brought forward before the end of this Senedd term.

You explained that modelling undertaken by Ricardo indicated that domestic fuel regulation could increase costs for consumers, although this assessment was based on limited data. You said that further work is required to strengthen the evidence base for the ban, adding that this work is already underway.

Given the Counsel General’s assertion in July 2025 that the Welsh Government was “looking to bring forward...regulations shortly”, **we would be grateful if you could clarify when the decision to postpone the regulations was taken. We would also welcome clarification on when work to strengthen the evidence base for the ban is expected to be completed.**

Towards net zero Wales

Carbon Budget 2

Net Zero Wales sets out the Welsh Government’s ambition to outperform Carbon Budget 2 (CB2) (2021-25) by achieving a 44 per cent emissions reduction against the 1990 baseline. You told us you are confident that the Welsh Government will deliver this ambition, which is encouraging.

When asked about the impact of the closure of Port Talbot's final blast furnace on CB2, you told us: "If recent historic blast furnace emissions continued in full through 2024 and 2025, then our estimate is that Wales would still be on track to meet its carbon budget 2 target." **We would welcome clarification on whether your current estimates show the Welsh Government would have outperformed CB2 if not for the closure of Port Talbot's blast furnace and, if so, by what margin.**

If the Welsh Government does outperform CB2, it will stand the next Government in good stead for Carbon Budget 3 (CB3) (2026-2030), which is significantly more challenging. We are aware that, going forward, decarbonisation will become increasingly dependent on policy action in devolved areas, including agriculture and transport. We will be recommending that our successor committee undertakes robust scrutiny of progress towards delivery of the next emissions reduction plan, CB3 and the 2030 interim target.

Decarbonisation of housing

The Committee has previously emphasised the need to accelerate action to address the climate impact of Wales' existing housing stock, in particular the private housing sector. You acknowledged the importance of building householder confidence in retrofit measures to encourage uptake. **You committed to providing us with a list of Welsh and UK Government initiatives aimed at improving home energy efficiency.**

Net zero public sector by 2030

You asserted that the Welsh Government's ambition for a net zero public sector by 2030 has "stimulated significant action" and "leadership" and was "influencing wider change across Wales".

We questioned you on the latest data on public sector emissions, which shows average emissions per organisation have remained constant. You told us that achieving the 2030 ambition would not be "a linear journey". You referred to "real achievement" on waste and building emissions, which have decreased year on year since 2022.

We were disappointed to learn that Welsh Government emissions increased by 49 per cent between 2023 and 2024. You told us:

"[This] is due to an increase in the emissions measured for those supply chains, which are generally measured through what are called expenditure proxies, rather than actual emissions. The Welsh Government itself actually had a slight reduction between 2023 and 2024, and we continue to make progress, but we're now taking into account the supply chains as well."

We would welcome a detailed explanation of the increase in Welsh Government emissions between 2023 and 2024, including the methodologies used in calculating these emissions, which you referred to during our meeting.



We raised with you the National Infrastructure Commission's (NICW) [report on climate adaptation](#) (October 2025), which highlights that adaptation does not share equal status with climate mitigation. You told us that:

"in the past, there has indeed often been more focus on climate change mitigation rather than adaptation. And that's been true, by the way, not just in Wales, but across the UK, and in fact probably across most of the world as well. That is now changing, and rightly so, because we're seeing the impacts now of climate in our communities on a daily basis".

You emphasised the need to drive forward on delivery of the Welsh Government's [Climate Adaptation Strategy for Wales 2024](#) (October 2024).

You confirmed that you will be responding the NICW's report by the end of March 2026. **We expect the Welsh Government to provide a considered and substantive response to the report.** In doing so, we ask that you set out clearly whether you have accepted or rejected the NICW's recommendations and provide detailed rationale for your decision.

Sustainable Farming Scheme

In updating us on the Sustainable Farming Scheme, you said "the general mood around it is really positive" and "there's a lot of interest". You explained that figures on uptake will not be available until the application window closes in May 2026.

You said that Optional and Collaborative actions will be introduced in phases throughout the transition period (2026-29), and that an overview of actions available in 2026 will be published next month. We support publication of these actions at the start of the application window to give clarity to farmers applying to join the scheme.

Given the Scheme has an important role in supporting the delivery of domestic climate change and biodiversity commitments, we will be recommending that our successor committee keeps a watching brief over the Scheme to ensure that it delivers the intended environmental outcomes.

Biodiversity

Nature Recovery Action Plan

In our report, [Halting and reversing the loss of nature by 2030](#) (January 2025), we expressed concern about the delay in publishing a revised Nature Recovery Action Plan (NRAP), which was originally promised in May 2024. In responding to our report, you asserted your goal was to launch the plan at the Wales Biodiversity Conference in October 2025. We are disappointed that the plan has still not

been published. In written evidence submitted before your appearance before us, you said the plan is due to be published in spring 2026. We seek assurance that you remain committed to this timeframe.

Natural Resources Policy

We have previously expressed frustration at the delay in completing the statutory review of the Natural Resources Policy (NRP), required under the Environment (Wales) Act 2016. In providing an update, you informed us that the review was completed in May 2025, however, a revised NRP will not be brought forward until the next Senedd term. You refuted the suggestion that this was not in keeping with the spirit of the Act, adding that officials' time has been prioritised to support the Environment (Principles, Governance and Biodiversity Targets) (Wales) Bill, amongst other things.

We are disappointed that a revised NRP will not be published before the end of the Sixth Senedd, particularly given that a review of the plan was completed some time ago. **We would be grateful if you could report back to the Committee on the review's high-level findings.**

Global Biodiversity Framework 30 by 30 target

In updating us on progress towards the 30 by 30 target, you explained that the Welsh Government had published its 30 by 30 Framework for Wales (June 2025), which sets its overall approach to delivering the target. You said that, alongside the Framework, you are developing "a suite of very practical evidence-based tools" to support delivery. This includes a tool to identify areas outside of protected areas that could qualify as Other Effective Area-based Conservation Measures (to be known as 'Naturfa sites'). **We would welcome further details of the on-going programme of work to identify Naturfa sites.**

We are aware that the environment NGO sector's [2025 UK-wide progress report](#) on the 30 by 30 target suggests Wales is projected to miss the target by some way. It is clear that significant challenges lie ahead for the next Welsh Government if it is to deliver on current biodiversity commitments. We will be recommending that our successor committee undertakes robust scrutiny of progress towards delivery of the 30 by 30 target, and the development and delivery of statutory biodiversity targets.

Tree planting

We have previously expressed concern about consistently low tree planting rates, emphasising the need for the Welsh Government to scale up action to meet its target of 43,000 hectares (ha) of new planting by 2030. We were therefore interested to learn that the UK Climate Change Committee's (UK CCC) latest advice is to lower the 2030 target to 22,000 ha. You told us that the Welsh Government has not "formally accepted" the advice but will consider it when determining the future pathway to net zero.

Given current tree planting rates, and in light of the UK CCC's advice, we would welcome clarification on whether you consider the current 2030 target to be achievable. If not, we would welcome details of work you have undertaken since the publication of the advice to determine a stretching but achievable target.

We are aware that significant changes have been made to the Sustainable Farming Scheme following industry concerns about the proposed 10 per cent tree cover requirement. In commenting on the changes, you told us that the ask for each farm to plant at least 0.1 ha of trees by 2028 should be considered "as the minimum". You added that the 'Tree and hedgerow opportunity plan' (under the Scheme's Universal Layer), alongside funding for the Optional Layer "should incentivise greater uptake" towards the Scheme's ambition of 17,000 ha of new trees by 2030. We will be recommending that our successor committee keeps a watching brief over progress towards this ambition and the Welsh Government's wider tree planting target.

Marine environment

We questioned you on the findings of Natural Resources Wales' latest condition assessments, which show over half of Marine Protected Areas (MPA) are in unfavourable condition. You explained that assessments undertaken were at feature rather than site level, referring to "complex reasons" for a single feature failure. We were reassured to learn that "none of the features found to be in unfavourable condition were attributed to fishing pressures".

You drew attention to certain species and/or features in positive condition or "showing signs of recovery", but acknowledged "there's an absolutely urgent need to improve the conditions of the MPA network features".

In our [report on the Welsh Government's draft budget 2025-26](#), (February 2025) we called for you to prioritise finalising a new MPA Network Management Framework to provide a clear, strategic direction for the Welsh Government's policies on marine conservation. In updating us on progress, you said a review of the Framework is due to be completed "in early summer this year". We are disappointed that the new Framework will not be in place before the end of this Senedd term.

You confirmed that designation of new Marine Conservation Zones will not take place until the Seventh Senedd. We reiterate the view expressed in our report, [Halting and reversing the loss of nature](#), that the pace of expanding the Marine Protected Sites Network has been disappointingly slow.

Forever chemicals

We raised with you concerns about land contamination from Per- and Polyfluoroalkyl Substances (PFAS), commonly known as 'forever chemicals'. You informed us that Welsh Government officials had engaged with counterparts in the other devolved Governments and UK Government to develop the first [UK Strategy on forever chemicals](#) (February 2026). You said the Strategy "gives us a platform

for proper discussion”, emphasising the importance of working collaboratively to address this issue. You committed to raise forever chemicals at the next meeting of the Inter-Ministerial Group (IMG) for Environment, Food and Rural Affairs. **Subject to the timing of that meeting, we would be grateful if you could report back to the Committee on the outcome of discussion.**



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