

Environment and Sustainability Committee

Meeting Venue:
Committee Room 3 – Senedd

Meeting date:
26 January 2012

Meeting time:
13:00

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



For further information please contact:

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Agenda

1. Introductions, apologies and substitutions

2. Inquiry into the Business Case for the Single Environmental Body – Oral evidence (13:00 – 14:00) (Pages 1 – 11)

13:00 – 13:30

Morgan Parry, Chair, Countryside Council for Wales

Keith Davies, Head of Strategic Planning, Countryside Council for Wales
E&S(4)–05–12 paper 1

13:30 – 14:00

Trefor Owen, Director, Forestry Commission Wales

Jon Owen Jones, Chair, Forestry Commission Wales
E&S(4)–05–12 paper 2

3. Inquiry into the Business Case for the Single Environmental Body – Oral evidence (14:00 – 14:45) (Pages 12 – 15)

Nigel Annett, Managing Director, Dŵr Cymru

Tony Harrington, Director for Environment, Dŵr Cymru
E&S(4)–05–12 paper 3

Kath McNulty, National Manager for Wales, Confederation of Forest Industries (Confor)

Mike Harvey, Director, Maelor Forest Nurseries Ltd.

Alice MacLeod, Technical Manager, Maelor Forest Nurseries Ltd.

**4. Inquiry into the Business Case for the Single Environmental Body
– Oral evidence (14:45 – 15:30) (Pages 16 – 30)**

Craig Mitchell, Policy Officer, Welsh Local Government Association

Louise Fradd, Strategic Director for the Environment, Bridgend County Borough Council

Aled Davies, Head of Regulatory Service (Planning, Transportation and Public Protection), Gwynedd Council

E&S(4)–05–12 paper 4

Aneurin Phillips, Chief Executive, Snowdonia National Park Authority

Emyr Williams, Director of Land Management, Snowdonia National Park Authority

E&S(4)–05–12 paper 5



Cyngor Cefn Gwlad Cymru

Countryside Council for Wales

THE NATIONAL ASSEMBLY FOR WALES ENVIRONMENT AND SUSTAINABILITY COMMITTEE

INQUIRY INTO THE BUSINESS CASE FOR THE SINGLE ENVIRONMENTAL BODY FOR WALES

BACKGROUND

“A Living Wales” - the Welsh Government’s Natural Environment Framework was announced in September 2010 with a consultation focussed on a new approach to the way we manage our land, water and seas. This consultation included a review of environmental delivery options – refreshing institutional arrangements in order to take a more integrated and sustainable approach to environmental management. The review was initially informed by a failure in Wales, as across Europe, to meet biodiversity targets, but was expanded to reflect a number of important drivers for change:

- A new integrated approach to managing the natural environment, the ecosystem approach, to help Welsh Government and partners to make the best use of Wales’ resources and to ensure that Wales’ natural assets are maintained and enhanced. Fundamental to this is the understanding that we will need to live within environmental limits.
- The need for a framework to help Wales develop future resilience in the face of the challenge presented by climate change, pressure on water supplies, biodiversity loss and food and energy security.
- A growing policy divergence and differing approaches to the organisation and funding of environmental public bodies within the UK.
- Budgetary constraints resulting in the need to consider the most sustainable and long term arrangements to secure continued and better delivery of environmental outcomes, coupled with the efficiencies that could be achieved through a single body rather than three bodies.



Gofalu am natur Cymru - ar y tir ac yn y môr • Caring for our natural heritage - on land and in the sea

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CCW'S POSITION

The environment and natural resources of Wales are a strategic national resource. Our nature, land, water and air, together with the biodiversity that supports and depends upon them, are our life support system - the basis on which everything else is possible.

Since 1992 CCW has worked to deliver environmental priorities and has been successful both in helping to conserve and enhance the environment and in demonstrating the link to economic and social well-being.

However we recognise that the changing economic, social, environmental and constitutional context provides a compelling case to move towards a more integrated approach to environmental governance, for improved delivery of environmental outcomes fit for the needs of Wales. This more integrated approach will reflect the complexity of environmental systems and their interactions, the value of our natural resources to social and economic development and the pressures posed by natural limits and climate change. CCW has therefore welcomed the review of environmental governance in Wales, both the Natural Environment Framework and the review of delivery options, as they provide a strategic opportunity to transform the way we plan, manage and value our terrestrial, freshwater and marine environment in urban and rural Wales now, and more importantly, for the future.

Given the strategic importance of our natural resources in Wales the new approach will not only help secure the conservation, enhancement and effective use and management of the environment, but also our future economic renewal. It also enables Wales to be well positioned to take forward the implementation of the EU Biodiversity Strategy to 2020 and the Roadmap to a Resource Efficient Europe, a key element of the Europe 2020 strategy leading towards a more sustainable and competitive economy.

TERMS OF REFERENCE

CCW has been fully engaged with the process of developing the Natural Environment Framework and the Single Environment Body Business Case.

CCW therefore welcomes the opportunity to contribute to the Environment and Sustainability Committee's Inquiry. We do not propose to comment in detail on the costs and benefits associated with the merger of the existing statutory environmental bodies, nor on whether the Business Case has taken sufficient account of the potential risks associated with the creation of a Single Environment Body. CCW staff were fully engaged with the process of developing and submitting the completed Business Case and we believe the Business Case to be robust and in line with Treasury guidelines. However, given the complexity of the change management process and despite the Business Case identifying solutions to risks identified, it is inevitable that certain issues will require careful management including:

- ICT
- The development and drafting of legislation necessary to implement the Public Bodies Act, 2011 and the range of relevant Bills in the Government's legislative programme; Environment, Sustainable Development, Planning and Heritage.
- Development of decision-making processes that ensure accountability and transparency, particularly in relation to potential conflicts of interest between advisory and regulatory roles.

- Cross-border liaison, disentangling from Forestry Commission GB and EA England and the relationship with Westminster Government on non-devolved issues.
- Development and integration of the new body's Welsh Language Policy, building on CCW's scheme that is recognised as an exemplar by the Welsh Language Board. In a new body operating throughout Wales, it is essential to ensure that the use of the Welsh language is normalised from the outset in corporate planning and decision-making processes.
- Specifically, we welcome the recognition in the Business Case that CCW has an excellent breadth and depth of capability in the provision of Corporate Services. It will be important for the new body to build and develop around this capability to reduce the risk for SEB implementation.

In addition, the transition period leading up to, and following, the establishment of the Single Environment Body will need careful management to ensure standards of service to customers are maintained, staff supported and stakeholders kept informed of progress.

STAKEHOLDER ENGAGEMENT

CCW cannot comment on whether the business case has taken sufficient account of the views of key stakeholders affected by the creation of a Single Environment Body. This is best addressed by the individual stakeholders themselves. CCW has, however, sought to ensure that the Natural Environment Framework and the Single Environment Body has been discussed during our regular liaison meetings with stakeholders such as FUW, NFU, CLA, WEL, National Parks Wales, WLGA and others.

SEB AND NEF OUTCOMES

CCW supports the principles of the Natural Environment Framework. It sets out a fresh approach to the management and regulation of the environment in Wales. The central proposition is to move to an ecosystem approach to environmental regulation and management. An ecosystems approach focuses on the health of the environment as a whole rather than dealing with individual aspects separately and encompasses a fundamental understanding that the environment underpins our social and economic needs, health and well-being. It will mean weighing up and setting priorities for the many competing demands on our sea, land and natural resources optimising land, sea and resource use in order to secure a healthy, resilient and productive environment that delivers for society as a whole, supporting employment and nurturing well-being. Overall the new approach will simplify and join up our approach to protecting and managing our natural resources to:

- improve the resilience and diversity of our environment and its supporting biodiversity;
- provide simpler and more cost effective regulation;
- offer greater clarity and certainty for decision-makers.

Developing and embedding the new approach will take a number of years and will require legislation. Key elements will include:

- Improving our understanding of ecosystems and their services and how we value them to inform decision makers.
- National and local resource management planning to guide future management activities and priorities for food, waste, water, energy and flood defence.
- Integration, rationalisation and simplification of regulatory systems.
- Piloting ecosystem based resource management planning to explore how to bring together the range of existing plans and designations into more unified plans or processes.
- A Single Environment Body to focus on Welsh priorities.

Potential benefits to business and land managers from the new approach include:

- more effective, efficient, simpler and integrated regulatory processes;
- clearer information on environmental outcomes, opportunities and constraints to aid investment decisions;
- a more predictable and consistent framework for environmental decision-making, by reducing uncertainty in planning and other regulatory systems;
- spatially planned solutions based on environmental opportunities, carrying capacity and constraints;
- support for new markets in environmental services such as carbon and water management;
- ensuring costs of compliance are appropriate to the extent of environmental risk.

For communities the potential benefits include:

- positive investment in targeted local environmental improvements;
- a greater focus on local needs, opportunities and concerns;
- enhanced local input to decision-making;
- improved access to green space and associated health benefits.

For our environment, potential benefits include:

- more targeted investment in environmental improvements;
- positive action to address the fundamental drivers of environmental change;
- increased resilience to pressures from climate change and reduction of the effects of climate change;
- a strategic approach to promoting restoration and recovery of species and habitats;
- more decision-making based on the benefits we derive from our environment.

The Natural Environment Framework sets the context for the form and function of the Single Environment Body.

A Single Environment Body with one aim and a single set of priorities and objectives will provide a focus for natural resource planning and the proportionate use of regulatory powers, to enable the right development in the right place protecting the environment from inappropriate use and damage whilst facilitating necessary economic activity. A Single

Environment Body also provides scope for greater efficiency from joint management of existing separate activities such as procurement and equipment and to move resources towards delivering outcomes on the ground.

The SEB Business Case is aligned to take account of the outcomes set out in the NEF.

Implementing a Single Environment Body will also be critical with respect to helping inform, develop and implement the propositions set out in “Sustaining a Living Wales: a Green Paper on a new approach to natural resource management in Wales”, to be launched on 30 January 2012 .

Implementing the new approach will also require delivery across all Welsh Government Directorates and the public service in Wales. The new approach will fail if left solely to the SEB. Implementing the new approach will therefore have implications for change in policy, procedure and legislation not only in relation to the proposed Environment Bill but also the Sustainable Development, Planning and Heritage Bills. This is consistent with the fundamental principle of embedding sustainable development as a central organising principle of Welsh Government and devolved public bodies in Wales. It is also important that the new body be distributed around Wales close to communities, businesses and stakeholders.

COMMON PURPOSE/CULTURE

The new body will inherit a range of functions from the existing bodies and must be effective in informing and implementing the new approach set out in the Green Paper and Welsh Government’s wider legislative programme. It is about more than bringing together existing organisations, it is about creating a new organisation to meet the needs of Wales. It is therefore essential that a new duty and common purpose is developed and outlined from inception of the shadow body facilitating a common culture from the start to ensure that the new body not only delivers benefits and outcomes now for the environment, economy and well-being of Wales but that it is also fit for the future challenges and opportunities facing Wales. In meeting these challenges and opportunities, the new body must ensure that it is public-facing – concerned with the needs of, and responsive to, stakeholders.

Cyngor Cefn Gwlad Cymru
Countryside Council for Wales
January 2012

Environment and Sustainability Committee

E&S(4)-05-12 paper 2

Inquiry into the Business Case for the Single Environmental Body – Evidence from Forestry Commission Wales

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Trefor Owen FICFor

SUBMISSION FROM FORESTRY COMMISSION WALES TO THE ENVIRONMENT AND SUSTAINABILITY COMMITTEE OF THE NATIONAL ASSEMBLY FOR WALES

Introduction

Forestry Commission Wales (FCW) welcomes the opportunity to participate in the Environment and Sustainability Committee inquiry into the Business Case for the Single Environmental Body (SEB). Our evidence sets out our role in the production of the Business Case for the period July 2010 to November 2011.

Current Legal Framework

The Forestry Act 1967 (as amended) and the Forestry Act 1979 set out the principal legislative framework within which the Forestry Commission (FC) operates. They also set out the duties and powers of the Forestry Commissioners.

The Forestry Act 1967 gives Commissioners powers to manage the national forest estate in each country, dispose of the timber produced on the estate, acquire and dispose of land placed at their disposal by Scottish, English or Welsh Ministers, provide support and advice for woodland owners, give grants, and undertake forest research, as well as some other functions such as providing forest statistics.

Under the Plant Health Act 1967, the Commissioners are the competent authority for the protection of forest trees and timber from attack by pests and diseases.

Yn gwarchod ac ehangu coedwigoedd
Cymru a chynyddu eu gwerth i'r
gymdeithas ac i'r amgylchedd.

Protecting and expanding Wales' forests
and woodlands, and increasing their
value to society and the environment.

The FC is considered to be a Crown Body. There are a number of reasons for this, including that:

- it performs functions of government;
- it has responsibility for advising Ministers on matters of forestry policy;
- it has powers to make statutory instruments (e.g. in relation to felling).

FC is also regarded as a government department, albeit a non-Ministerial government department.

Since devolution the Commissioners have been required to exercise their functions separately in England, Scotland and Wales and are accountable, and report separately to the Secretary of State for Environment, Food and Rural Affairs, Scottish Ministers and Welsh Government.

Under section 2(3) of the Forestry Act 1967, the Commissioners have delegated a significant proportion of their responsibilities to the National Committees in each country and it is here that the devolved business takes place. National Committees are comprised of non-executive and executive members and they oversee the work of each country, making decisions about country forestry strategies and policies.

FCW Involvement in the Single Environment Body Business Case

The Phase 1 review looked at 6 options between July 2010 and January 2011. This was mainly a desk-based approach. The FCW Director was a member of the Programme Board.

Ministers subsequently authorised further work to be undertaken on the option of establishing a single environment body, broadly comprising the functions of the Countryside Council for Wales, Environment Agency Wales and FCW. This work was concluded in November 2011. The FCW Director was a member of the Phase 2 Programme Board. Forestry interests were represented on a Programme Steering Group, by two non-executive Forestry Commissioners. The Chair of the FCW National Committee is a member of the Minister's ongoing Single Environment Body/Natural Environment Framework Reference Panel.

FCW also provided expert staff resources to provide timely and comprehensive data/information for both the Programme executive and all the work-streams.

FCW facilitated a number of stakeholder events to engage forestry stakeholders in the business case process.

FCW input into the business case process was characterised by expert technical input and constructive challenge, especially on potential risks for the efficient and effective delivery of forestry outcomes in Wales. The business case acknowledged a significant number of these risks in the final version that was submitted to the Minister for the Environment and Sustainable Development in November 2011. The Director FCW asked for the following additional risks to be conveyed to the Minister and recorded in the Minutes of the final Programme Board meeting on 18th November 2011.

- Concern over the assumption that FC, and possibly the Environment Agency, will continue to provide IT services at current costs to a SEB.
- Concern over the assumption that Wales will continue to benefit from Defra funded forest research at nil cost in the future.
- Concern over the additional risks and dependencies raised by the IT work-stream that have not been costed, or included in the business case.
- Concern over no cost provision in the business case to cover the risk of FC break up being triggered by the creation of the SEB.
- Concern that FC GB will not have sufficient capacity, especially in ICT, to enable transition within proposed timescale.

Some of these risks were raised by the Forestry Commission's Chair, FCW National Committee Chair and FC Director General.

On the basis of the Business Case and the conveyance of the above additional risks, FCW is satisfied that the Minister was in possession of full and comprehensive advice in respect of the Welsh Government's forestry interests to inform his decision.

SEB - Implementation

Immediately after the Minister's decision to proceed with the establishment of a SEB on 29th November 2011, the FCW Director issued a note to all staff to confirm that the time for debate had ended, exciting new opportunities and an unambiguous commitment to making changes happen effectively. See Annex 1 for the full version of the Director's note.

The FCW Director has also engaged representatives from the forestry business sector post-decision to provide reassurance and guidance to maintain business confidence and explore new opportunities.

FCW has subsequently provided the Welsh Government's SEB Implementation Programme with senior staff to lead some of the projects and additional technical staff to provide expert input. Other adjustments have been necessary to maintain business continuity. The FCW Director is a member of a FCGB Governance and SEB Programme Board that will address the

transfer of shared services from FC to the new body in Wales. This Programme will work closely with the Welsh Government's SEB Implementation Programme.

Trefor Owen
Director, Forestry Commission Wales
13th January 2012

Message to all FC Wales staff from Trefor Owen – 29 November 2011.

Single Environment Body – Ministerial Announcement

Today, the Minister for Environment and Sustainable Development, John Griffiths AM, has announced his decision to create a new single environment body for Wales.

Forestry Commission Wales is to be a part of this new body, alongside Environment Agency Wales and the Countryside Council for Wales. This means that forestry in Wales will transfer from the Forestry Commission into the new Welsh body and Wales' three environment bodies will work together to ensure the sustainable management of the natural resources in Wales, both now and in the future.

This represents a real and exciting opportunity for us to bring our expertise, 'can do' approach and positive attitude to the new organisation. Our commercial acumen and land management skills and experience will be crucial to future success, ensuring better outcomes for Welsh people, businesses and the environment as we continue to deliver the Welsh Government's forestry policy.

After a long period of development, involving all three bodies and Welsh Government in preparation of a detailed and robust business case, the debate is finally over and we can look to the future, fully committed to making this change happen effectively.

The Business Case and Executive Summary will be available online later today at www.wales.gov.uk/SEB. There will be a public consultation at the start of next year which will be looking at the functions and governance of the new body, followed by a further consultation on duties and legal powers but the decision has been taken to proceed with formation of a new body and the transition will now begin.

This will be a challenging period for us but we are committed to making this work and will be fully involved in the transition phase. The SEB Programme Team are considering the expressions of interest to be a part of this work and aim to have project teams in place before Christmas.

I will be calling my senior team together very soon and will also be arranging to see all staff through a series of briefing sessions and hope to see all of you over the next few days. Details of venues, days and times will be issued shortly.

Once again, I thank you for your patience, continued hard work and dedication to delivery. These qualities remain an essential part of who we are and what we do and will continue to be valued.

Trefor Owen
Director, Wales



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12 January 2012

Single Environment Body for Wales

I am pleased to let you have a short summary of our views on the Welsh Government's proposals for a Single Environment Body ("SEB") for Wales ahead of the panel discussion at the National Assembly for Wales Environment and Sustainability Committee meeting on 26 January.

Can I begin by confirming our support for the establishment of a new SEB. The proposal does however raise a couple of concerns for us which I outline in this letter and I will be happy to expand on these at the panel discussion later this month.

Dŵr Cymru is the regulated water and sewerage company serving most of Wales (and some adjoining parts of England). We provide an essential public service to some 1.2 million households and we also have over 100,000 business customers. On behalf of today's customers and future generations, we look after a very large network of long-lived assets that would cost £25 billion (or around £20,000 per customer) to replace.

Our environmental responsibilities are significant and the Environment Agency Wales ("EAW") regulates our 190 water abstractions and our 3,700 treated wastewater discharges and more generally sets the standards we must meet for protecting our environment. EAW measures and reports on our performance each year and ranks our performance against the other nine regulated water and sewerage companies; this benchmarking is of particular importance for Dŵr Cymru as our ambition is to be the best water company in the sector.

glas
Glas Cymru Cyfyngedig

We welcome correspondence in Welsh and English
Rydym yn croesawu llythiau yn Gymraeg neu yn Saesneg

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Since 2001 Dŵr Cymru has been owned by Glas Cymru, a “not for profit” company, and is the only regulated water and sewerage company to have reduced its operating costs in real terms in those 10 years; we also have the best credit ratings in the sector which means we can finance our annual £250m investment programme efficiently.

As a result of these cost efficiencies, our average household bill for both water and sewerage will be 6% lower in real terms in 2015 compared with what it was in 2000 (this year our water bill is 4% below average whereas before the Glas Cymru transaction it was 21% above average; large investment programmes to deliver environmental improvements, including a third of the UK’s Blue Flag beaches, means that our sewerage bill is still above average). Currently we are supporting through social tariffs and other ways some 40,000 low income households.

This year we will pay EAW some £15 million (£9 million net) for our abstraction licences and discharge consents making us EAW’s single biggest “customer” (for reference the Drinking Water Inspectorate and Ofwat, our economic regulator, each cost us around £1 million annually).

Although it is less of a “hands on” regulator, we also have frequent contact with the Countryside Council for Wales (“CCW”). A large proportion of Wales is designated in recognition of its conservation importance, including the major rivers on which we have regulating reservoirs in order to support abstractions downstream for public water supply.

As I say at the start of this letter, we support the Welsh Government’s proposal to merge EAW and CCW because if delivered successfully it will give Wales a streamlined, cost efficient and “single voice” regulatory body that will help us and others to deliver more for Wales. Significant cost efficiencies can be achieved through synergies and by removing duplication that in turn will reduce the cost of regulation that is borne by industry in Wales. We would expect these savings reflected in reductions to charges.

We would like to see the new SEB established quickly. Our own experience of major organisational change (and in 2010 for instance we merged three distinct organisations involving the TUPE transfer of 1,800 staff) is that the best results are achieved when change is implemented without delay so that uncertainty is minimised and people can “get on with making it work and making things better”. In our experience, a long transition period will be costly for all concerned, including Dŵr Cymru and others regulated by EAW.

Leadership is clearly key and we would like to see the Chair of the new SEB being someone with the right experience and the stature to both see through the merger and deliver the savings and also set out a vision for the new SEB that staff (and stakeholders) can buy into and support (and indeed be inspired by). The Board that supports the Chair and the executive team is equally important and we would like to see a good mix of experience and expertise represented on the Board, including the water industry and other sectors of the Welsh economy.

It will of course be for the Chair and the Board to set out its vision for the new SEB. From our point of view we would like to see equal weight given to protecting the environment and to promoting the economic and social prosperity of Wales – in other words “sustainable development”. With the economy in such a bad place and with the Westminster Government’s “austerity programme” still to bite, we must ensure that Wales is “open for business” and deal with the real worry that exists that environmental regulation (and planning policy) in Wales is “bad for business and bad for jobs”. The SEB must be an enabling body – supporting economic development while protecting our environment.

Related to this we would also like to see the new SEB setting out to be confident, nimble and easy to deal with, concerned with “good outcomes” based on strong evidence rather than just “abiding by the rules”, and better than its peers in other parts of the UK as measured by both environmental outcomes and economic and social prosperity. Ensuring that the SEB is independent of the Welsh Government is key and should allow the SEB to set out a long term vision for environmental regulation of industry in Wales which in turn will allow industry to plan long term with confidence.

These are what we see as the potential (and significant) upsides from the establishment of the SEB. We have two main worries.

First, I have not mentioned Forestry Commission Wales (“FCW”). Although we have not considered the case in detail, on the face of it we cannot be as persuaded on the merits of combining FCW into the SEB as we are of the merger of EAW and CCW. This is because the synergies are more limited and also, and perhaps more importantly, because including FCW increases the complexity of establishing the new SEB and as such will limit and slow the easier-to-secure benefits that would come from merging just EAW and CCW where the overlap is most significant.

Second, we are wary of "one-on-one" regulation and it will be important that there continues to be a "level playing field" so that comparisons between our performance and that of our peers elsewhere is fair and based on consistent standards. We would also be concerned if the establishment of the SEB was taken as an opportunity to carry out environmental regulation in a more cumbersome and costly way compared to what will be the case in England or for Wales-only duties to be added to the current range of duties that currently apply across both England and Wales. Indeed, we would like to see the SEB review the way things are done currently with a view to streamlining the practice of environmental regulation where that is possible.

I will of course be happy to expand on any of these points when I join the panel discussion on 26 January.

Yours ever

Nigel

Nigel Annett

Managing Director

Environment and Sustainability Committee

E&S(4)-05-12 paper 4

**Inquiry into the Business Case for the Single Environmental Body - Evidence
from the Welsh Local Government Association**



Single Environment Body

Environment and Sustainability
Committee

26th January 2012



INTRODUCTION

1. The Welsh Local Government Association (WLGA) represents the 22 local authorities in Wales, and the three national park authorities, the three fire and rescue authorities, and four police authorities are associate members.
2. It seeks to provide representation to local authorities within an emerging policy framework that satisfies the key priorities of our members and delivers a broad range of services that add value to Welsh Local Government and the communities they serve.
3. This submission was largely drafted before the Committee finalised its terms of reference and as such may not address all issues of interest to the Committee.

Key Issues

4. The WLGA broadly supports the creation of a Single Environment Body with a number of important caveats;
 - That transitional arrangements are such that service levels are not reduced. This is a real fear given the number of staff who will be needed to manage the transition and the danger of a lack of focus on front line services.
 - That merger needs to lead to greater clarity on roles and responsibilities between the body and other stakeholders and that there are clearer lines of accountability and communication especially in dealing with emergency situations ; On certain issues LAs have similar regulatory roles and already experience difficulties caused by inconsistent approaches (e.g. in relation to fly tipping and permitting). It is important that LAs can input to the work streams to ensure that clear memoranda of understanding are developed between LAs and the new body.
 - There is a risk that the complexity of the merger, in tandem with the necessary review of legislation and the development of the Living Wales/ecosystem approach undermines the process.
 - That the focus on the creation of an environmental body does not mask the need to address wider social and economic agenda's – especially in reducing the burden of the regulatory framework, and the relationship with other key processes such as planning.

- That the creation of a shadow board ensures wider stakeholder buy in and accountability; LA Members' are accessible to their communities and will remain under pressure on issues of local delivery. What will be the governance arrangements be surrounding the SEB? Who will be on its board and who will they be accountable to? What relationship, if any, will the Board have with the local communities they are serving across Wales? Will there be stakeholder representation on the Board?
- That other key initiatives such as Simpson and the collaboration agenda across the wider public sector are not undermined in any way; the danger here is opportunities to develop new services across a range of bodies are not possible whilst the merger is ongoing.
- Authorities already deal with a range of boundary issues, including different regions of the EA in Wales. Ceredigion, for example, deals with 2 EA regions and also has separate relations with FC and CCW. Will the SEB be co-located so that these *existing* problems are overcome?
- This is also an ideal time to look at interfaces such as the electronic transfer of information between bodies – ICT linkages and communications issues need to be considered as part of this process; especially in light of moves to streamline the planning process likely to be set out in the Planning Bill.
- What will happen to the expertise that is currently drawn on from England? Some recent permitting work on landfills had to be dealt with by experts from England, for example. Will there be delays as a result of the need to draw in such support?

WLGA Role

5. WLGA have been involved in the discussions on the SEB in a number of Ways;
 - As a consultee to the Living Wales process
 - As a participant in a number of sub groups to the Natural Environment Framework work streams such as the Communications and Engagement sub group and the Regulatory sub group.
 - As a direct consultee in the development of the business case and as a facilitator of such discussions with the local Authority Strategic Environment Directors forum.
 - As an interviewee in the internal peer review process.
 - Through our regular dialogue with Welsh Government Officials and other stakeholders on related matters; such as discussions at the planning Lead Members meetings with the Minister.

- And lastly through our recent involvement on the NEF/SEB reference group which received the strategic outline case (Business Case) at its meeting on the 23rd of November.

Context

6. The fast evolving context of the NEF/Living Wales process alongside the consideration of the case for a SEB, has meant that it has proved difficult to both divorce the two processes and consequently form definitive views on the emerging business plan. Equally the changing context of Simpson and the regional/national agenda within Local Government has meant that much has changed in our thinking on those aspects of the interface between the SEB and LA's.
7. In the process we have maintained a clear focus on two key tests; do we believe that the outcomes in terms of service improvement are real and justifiable, and will wider stakeholder/public confidence be maintained/improved? Clearly there also had to be assurances from a technical viewpoint that the different roles of the organisations involved would continue to be discharged appropriately and within the necessary legal framework.
8. There have all along been some questions raised about the timing of the process. This has manifested itself in two ways; given the wider need to reduce public expenditure there has been some disquiet among some sectors that the main driver of the exercise was a reduction in expenditure. It is our view that efficiency remains a legitimate outcome at all times but has not been the main driver in this instance. Secondly that the NEF/Living Wales process needed to be completed before a discussion could be initiated on the proper mechanisms to deliver it. Whilst we have some sympathy with that the reality is that we believe it is possible to run both processes concurrently and iteratively.

Scope

9. Clearly the scope of the business case at this stage is on a strategic level. Many of the issues that we are concerned about as local government will focus on the practical implementation and how the new body will interface with Local Government and other stakeholders. Over the years WLGA have established a good working relationship with all three bodies around a range of issues. However it is at the local level where that relationship is critical to the delivery of local strategic planning and local services.

Again our view is that this relationship has matured and strengthened over time and whilst difficulties remain it is generally a positive picture. A key concern that we have is that the turbulence caused by the changes, if not effectively managed could lead to a deterioration of that local relationship especially if the new organisation becomes too internally focussed in the interim. How the new organisation operates regionally will be critical in this future relationship.

10. Equally in terms of scope, a range of issues have been raised in relation to the business case regarding cost assumptions, VAT status, pension provisions, and transitional arrangements and so on. It is out with our competence to comment specifically on those issues.

Transparency and Accountability

11. It is clear that a wholly devolved structure with transparency over governance and decision making is a positive of this process; especially as the Assembly will be able to hold the Minister to account for performance in Wales. This must be balanced with an understanding of the expertise and capacity required to deliver on the range of functions these bodies currently deliver upon and what may be potentially denuded through the loss of access to UK expertise. This must be carefully managed through ongoing relationships on a UK basis and indeed may be improved in terms of clarity about what services are being utilised and at what cost. It is our view that better value for money can be sought and delivered through the creation of highly valued and skilled capacity within Wales that will be of wider benefit to the economy. Opportunities for collaboration across the public sector should be investigated as should the role of the private sector.
12. There is a potential role for Local Authority Overview and Scrutiny committees that need to be explored. This is within the context on the range of designated bodies which can be called before these committees to give evidence. Clearly this would enable greater local accountability for decisions and activity.

Practical Delivery

13. Local Government is a service user, delivery partner and regulated body amongst others in terms of the three organisations. The complexity of these relationships and the nuances of the differing roles are difficult to capture in terms of this submission. However generally these relationships are valued at both a national and local level. It

is often the mundane interaction between local government and the bodies that illustrates the critical co dependencies that exist.

14. Clearly any reduction in service provision, accessibility or speed will have a detrimental effect on local service delivery and a negative impact on the public and the regulated sector. Whilst we must remain vigilant on this front the Strategic Outline Case does not furnish enough detail to allow a view to be formed as to whether this danger is real or not. It is an issue we shall seek to keep under review as the process moves towards vesting day. In this regard we believe the date of 1st April 2013 is appropriate weighing up the practicality of doing this and the damaging effects of delay on staff/stakeholders and the need to focus on delivery of real services.
15. There has been a concern that the Simpson process in local government failed to fully capture the potential for wider public sector reform in its analysis of whether services should be delivered locally, regionally or nationally. Whilst there have been some discussions around the roles of local government and the SEB and the possibility of functions moving between the two bodies we believe that this has not yet received enough focus and detailed thought. Again the difficulty is the complexity of change in one part of the public sector compounded by change in another. Notwithstanding this it remains an area that will require further development in the future; especially in the local democratic accountability of bodies and the pooling of expertise/skill sets across organisations. (notwithstanding the text in point 2.8.2 of the Strategic Overview document V5).
16. Another key issue will involve where the new organisation will be located and the impact any potential changes will have on the economy. Any rationalisation of assets must not lead to a centralisation of resources. The current significant representation in North and West Wales is both positive and effective.
17. However the WLGA wishes to seek clarification on the matter raised in point 2.5 Legal Powers (Strategic outline Case v5) where it discusses the Public Bodies Bill and its provisions, the fourth bullet states that:
'Transfer any Welsh devolved function relating to the environment from the person whose function it is to (a) a new body, (b) the CCW, or (c) The Environment Agency or Forestry commission'.
It is not clear what the rationale behind seeking this power was and how it is envisaged that it would be exercised in the future.

18. It is likely that the Environment Green Paper will raise issues around the interface between planning and environmental regulation and guidance. Indeed this committee has looked at such issues as part of its ongoing inquiry into Planning and Energy. Whilst we accept that improvements need to be made in this respect and there may be more efficient and elegant ways of discharging duties in relation to planning and consents it requires very careful consideration to ensure that all the consequences of any changes are fully understood. There is a danger that changes brought about under the Planning Bill, collaboration agenda, the SEB and an ecosystems approach against the backdrop of severe economic downturn could led to unforeseen consequences.

The Case for Change

19. It is clear that Wales needs a step change in the way we manage our natural resources. The failure to meet the biodiversity targets in 2010 was just one symptom of a system which failed to recognise our basic dependency on ecosystems as a prerequisite of our existence. Climate Change and the overuse of resources are two others. In many ways the mass of environmental legislation and protections had actually had the perverse outcome of not effectively protecting the environment whilst calling into disrepute such activity by becoming a barrier to appropriate and sustainable development that our communities need to thrive.
20. In this regard the business case for the SEB has been closely tied into this new ecosystem approach which promises a more proportionate and effective framework within which to take decisions regarding sustainable development. This more proactive supportive approach rather than a regulatory one with a focus on preventing inappropriate development is both positive and necessary especially in terms of supporting the economy.
21. The criteria and weighting set out on page 9 (Executive Summary) of the business plan appear to offer a balanced assessment of the main issues in relation to the creation of the SEB. The key question remains is the new organisation a pre-requisite to deliver these additional benefits?
22. The proposal assesses the case around five areas; strategic, economic, commercial, financial and management (section 2.2 of the section 2 Strategic Case).

23. The strategic case which argues that a fragmented regulatory framework undermines our management of the environment and prevents a truly integrated and sustainable of environmental management based on the ecosystem approach is well made. However whilst a new body may more elegantly allow this integration and the development of a better regulatory framework it is not entirely clear from the business case why this is significantly better than ensuring that the current bodies operated more effectively in this regard.
24. In terms of the economic case the reduction in burden and bureaucracy is a persuasive argument which should be tempered with an understanding that many of the processes delivered by these bodies are not within their gift to amend, such as European directives. However the greater clarity on role and responsibility which will allow business to access the support they need more readily is a real positive. The WLGA have no particular view on the cost and saving assumptions set out in the business case.
25. There has rightly been a vigorous public debate on the commercial activity of especially the Forestry Commission and how this may be impacted upon by the SEB. The analysis within the business case does not seem to address this and focuses upon internal issues. This remains a key question in terms of how the SEB will operate with a view that this activity may be compromised in some way. Clearly this must not happen if the SEB is to be judged a success but equally there would need to be an acceptance that the forestry element of the new body may need to operate at a sub optimum commercially on occasions where they are seeking to deliver key Welsh government objectives.
26. Again whilst we have no particular view on the financial case put forward in the business case it would have been prescient to have included a view on what the impact upon the regulated sector may be and other stakeholders and what the wider economic benefits could be. Whilst this is problematic territory to get into, with the necessity to make heroic assumptions, this clearly should be a driver for the process.
27. If other public and private stakeholders incur greater costs because of the changes then the sum total of benefit may be less or even negative. The business case does not provide a framework to allow this to be considered.

Conclusion

28. Whilst much debate remains on the implementation of SEB; not least in the context of NEF/Living Wales it is our view that if the assumptions in the business plan are robust then there is a prima facie case to proceed with the merger.

For further information please contact:

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NATIONAL PARKS WALES
Britain's breathing spaces

Environment and Sustainability Committee
E&S(4)-05-12 paper 5
Inquiry into the Business Case for the Single Environmental Body -
Evidence from National Parks Wales

Response to the Welsh Government Business Case for the Single Environment Body

January 2012



1. CONTEXT

- 1.1 On the 21st December 2011 the Deputy Clerk to the National Assembly for Wales Environment & Sustainability Committee invited the three National Park Authorities to provide a paper of written evidence and to send representatives from the Parks to participate in a panel discussion with the WLGA as part of a short inquiry to examine the Business Case for the Single Environmental Body (SEB).
- 1.2 We were advised that the terms of reference for the Committee's inquiry had not yet been agreed. This paper has been prepared on behalf of Brecon Beacons, Pembrokeshire Coast and Snowdonia National Park Authorities in the absence of the terms of reference.
- 1.3 National Parks Wales (NPW) represent the coming together of the three National Park Authorities (NPAs) in partnership to share good practice, to deliver efficiencies and to promote the role of National Parks (NPs) in delivering a living and sustainable environment.

2. SUMMARY OF PAPER

- 2.1 The National Parks Wales (NPW) welcomes the announcement by the Minister to establish a single environmental body (SEB) for Wales.
- 2.2 NPW do not question the methodology and the conclusions of the strategic business case.
- 2.3 NPW supports the desirability of having "...a new, integrated approach to managing the natural environment, joining up existing organisational strategies..." p7. The establishment of SEB should allow the Welsh Government (WG) to set a clearer focus in this area of its responsibility.
- 2.4 Ideally SEB should have been developed in response to a fully developed Natural Environment Framework (NEF) and the impression left is that SEB has been developed before there is a general understanding of what NEF is expected to deliver in terms of measurable outcomes.
- 2.5 The Business Case would benefit from practical examples to support statements such as there is "lack of coherence in environmental planning at both strategic and local level" leading to "detrimental impact (on) the delivery of Welsh Government policy and environmental improvements (as well as) impact on major economic development opportunities" p9
- 2.6 How SEB is set up, its core values and delivery mechanisms are real issues for NPAs. We very much hope that relevant partners will be actively consulted on how SEB is structured operationally. Unless this is done properly there is a danger that the non-core work of the constituent authorities, which is significant to the work of NPAs such as access and

cultural heritage, will be demoted by being part of a much larger organisation.

- 2.7 NPAs consider that they have an important role to play to ensure that SEB can successfully deliver the integrated strategic policy initiatives. At the local level NPAs can and does facilitate effective engagement with local communities, local land managers and land users.

3. NPW INVOLVEMENT IN THE BUSINESS CASE and NEF

- 3.1 NPW has been involved directly in discussions on the Natural Environment Framework (NEF) and SEB:

- ❖ As a consultee to A Living Wales: The Natural Environment Framework (NEF) process.
- ❖ Through involvement on the NEF/SEB reference group
- ❖ Through regular discussions with Welsh Government Officials and other stakeholders, including the October NPW Members Seminar hosted by the Brecon Beacons NPA which focused upon biodiversity and ecosystem services within Wales' National Parks.

The NPAs have also have indirect involvement in the SEB discussions through their associate membership of the WLGA.

4. METHODOLOGY

- 4.1 NPW do not question the methodology, including the qualifying criteria, scoring matrix, option ranking etc.
- 4.2 As far as risks are concerned the Business Case mentions "continuity of parent body" p12 but we do not believe that this is dealt with adequately. The establishment of a new body will have short term impact on its partners. Establishing a new body inevitably results in disruption and a drop in productive effort. However, the NPAs expect that SEB transitional period will be effectively managed so as to be mitigate and minimise any disruption to its partners.
- 4.3 We welcome the reference on p20 to the importance of "the maintenance and development of effective partnerships ... including those relating to planning decisions..."
- 4.4 The business case also deals with commercial and financial issues (sections 4 and 5) such as pension provisions, assets and liabilities, transitional arrangements etc that lie outside our competence to comment upon.

5. THE CASE FOR CHANGE

- 5.1 NPW does not question the principle of establishing the SEB. The streamlining and integration of the service delivery afforded by this opportunity is to be welcomed.
- 5.2 The rationale and criteria for the review have been set out clearly and comprehensively in the business case.
- 5.3 NPW is not in a position to question the economic case and the ranking criteria adopted.
- 5.4 The aims of the SEB as presently drafted are laudable.
- 5.5 We support the view that "The change will give Wales first hand representation over the full breadth of the SEBs remit and therefore more influence" p31.
- 5.6 We do not question the assertion that the SEB will "enable better delivery of Welsh Ministers' priorities and Wales' needs..." p30. Some practical examples to back this up would be useful.
- 5.7 The Business Case states that "Combining bodies reduces duplication or triplication of activity..." p30. A clearer definition in the business case of instances of front line duplication on both the regulatory and non-statutory activity of the three constituent organisations would be useful. It is obvious that back-office efficiencies are possible through integration, the extent of which has been identified in the business case.
- 5.8 We endorse the view that Wales has to change the way it manages its natural resources. Biodiversity loss; climate change and the wasteful use of resources damages our ecosystem services and puts at risk our collective dependency upon them.
- 5.9 The strategic case contends that the regulatory framework is too fragmented, undermining efforts to protect the environment and efforts to sustainably manage and harness resources for sustainable development. Whilst the environmental regulatory framework is fragmented; it could be made to work through an integrated and sustainable ecosystems approach, such as that found within the National Park Management Plans (NPMP). The NEF/SEB proposals are of a greater scale of magnitude, yet they share similarities, they allow for the integration and development of a regulatory framework that is more "joined-up" and managed by a sole organisation. Within the context of the National Parks we find that the NPMP represent a form of ecosystem services approach that is working. We believe that our experience with NPMP could be utilised elsewhere.
- 5.10 What remains unclear is what practical and measurable outcomes we can expect from SEB that will lead to improved outcomes for the environment and its citizens.

6. THE FUTURE

- 6.1 The SEB will change the way the current bodies interface with the NPAs and the way certain regulatory functions are administered. There is an opportunity here for SEB to consider whether some of its functions could be better delivered at the local level by its partners including the NPAs.
- 6.2 Organisational change alone will not ensure that loss of biodiversity is halted and the Business Case recognises that there are wider issues at stake here. This is to be welcomed. While the driving force behind the NEF has been the loss of biodiversity, the focus in the Business Case has been on consolidating the regulatory framework that protects ecosystem services. It is important that SEB does not lose sight of other non regulatory aspects the ecosystem services approach such as cultural heritage.
- 6.3 NPAs have a statutory duty to prepare National Park Management Plans (NPMPs) their implementation and existence are good examples of how to deliver the ecosystems approach in practice.
- 6.4 The SEB constituent bodies are key delivery partners and it is important to ensure that the local connection with communities, land managers and users is not lost or undermined in the new arrangements.

For further information, in the first instance contact:

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