

## **COMMITTEE FOR SCRUTINY OF THE FIRST MINISTER**

### **UPDATE**

#### **Legislative Programme**

Through our Legislative Programme we have made a real difference to the people of Wales.

During the course of this Assembly term we have used our legislation to make significant reforms to social services, housing, and planning - important systems that have an impact on all of us.

We have also delivered legislation to improve people's health. Through the Food Hygiene Rating (Wales) Act 2013 we have driven improvements to the standard of food hygiene in Wales, while with the Active Travel (Wales) Act 2013 we are enabling more people to travel actively more often and more safely, and through the Human Transplantation (Wales) Act 2013 we have introduced an opt-out system for organ donation.

At the time of writing, 24 Acts of the Assembly are on the statute book as a result of the Welsh Government's Legislative Programme, with the Environment (Wales) Bill having also been passed by the Assembly. A further 3 Government-proposed Bills are currently before the Assembly, relating to the historic environment, tax collection and management, and public health.

The process of legislating in this Assembly term has been challenging and it has been a steep learning curve for both the Government and the Assembly. The Government has come under intense scrutiny on its Bills, but the process of scrutiny should not be comfortable and should be taken as a sign that it is working, and having an affect.

The Government has sought to continually improve its internal legislative processes, learning the lessons of this Assembly Term. But we also recognise that a great deal has been achieved over the last five years.

The Assembly has done the same, and the Committee will have noted the Government's response to the Constitutional and Legislative Affairs Committee's report on its inquiry into making laws in Wales. It is clear that in many respects that Committee and the Government share the same vision for how we can improve and strengthen our legislative processes.

The planning and management of the Government's Legislative Programme must be as robust as possible for the next term. At an early stage, this must be to ensure that all legislative proposals are underpinned by comprehensively developed policy, including the early identification and consideration of financial implications. While ahead of the introduction of legislation into the Assembly, the internal approach to the assessment of Bills and the associated documentation should be refined and strengthened.

It is also important that we ensure the effective engagement of our stakeholders throughout the legislative process. This is one reason why we have rejected the CLA Committee's recommendation for a presumption towards the publication of draft Bills. The Government believes that it is important to consult in the most effective way, and during this Assembly we have consulted on legislation prior to introduction, either at the policy stage, or by way of a White Paper or Draft Bill. This consideration is crucial to ensuring effective engagement, whereas a presumption in favour of publishing Draft Bills would limit this.

While much of this relates to the preparation and delivery of individual Bills, there are lessons that have also been learned in respect of the legislative programme as a whole. While the CLA Committee's recommendation called for an overhaul of the development and co-ordination of the legislative programme, I do not believe that an overhaul is required. We have work in progress to strengthen the Welsh Government's internal processes, which builds on those improvements already made.

We have drawn a number of conclusions about how the legislative programme should be managed and co-ordinated. These are based on our experience over this Assembly term, and will of course be a matter for the next Welsh Government to consider.

The Welsh Government should normally introduce no more than 5 or 6 Bills each year. This should be considered a helpful rule of thumb, while it is important to recognise that there may be external factors that require the Government to deviate from this. The size, complexity and scale of public interest can vary significantly from Bill to Bill, and these factors have clear implications not only for the time required by the Assembly to scrutinise, but also for the time and resources required to develop and consult on the policy and then preparing the legislation and associated documents.

The Welsh Government should also not introduce Bills in the final 12 months of an Assembly Term. While there may be circumstances where this cannot be avoided, due to the constraint it places on the time available to the Assembly to scrutinise, it presents a risk to the passage of the Bill.

The Welsh Government should move to an annual legislative programme, with an annual statement by the First Minister setting out those Bills to be introduced in the following 12 months. As is the practise in other legislatures, an annual statement will ensure that announcements in relation to the introduction of primary legislation are timely, accurate, and allow the Government to more readily respond to changing circumstances over the course of a 5 year Assembly Term. It also allows for policy to be developed and consulted upon, with options for implementation, including legislation, considered in full.

The Welsh Government should continue to prioritise its legislative proposals in the context of the Programme as a whole. This enables the Government to

be mindful of the overall impact of the Programme on both our delivery partners and the private sector.

### **The First Minister's Delivery Unit**

In February 2013, I submitted written evidence to the Committee on the First Minister's Delivery Unit. That evidence clearly set out the role of my Unit and its operating methods. Those elements, alongside the effectiveness of the Unit, were discussed in much greater detail during the Committee on 27 February 2013.

Much of the information provided at that time remains accurate as the fundamental focus of the Delivery Unit has not changed. This paper reinforces the key messages around the role of the Unit that remain largely unchanged, and provides an update on the current position where it is appropriate to do so.

The Delivery Unit has remained a small team and currently comprises four members, reporting to a Deputy Director.

From the outset, the Unit has reported directly to me on the organisation's progress and effectiveness in delivering the government's priorities, as set out in our Programme for Government. It has challenged and tested the robustness of key actions, identified levers for change alongside further opportunities to align programmes to deliver greater and more effective outcomes.

In going about its role, the Delivery Unit has encouraged departments to work jointly, ensuring there is an appropriate level of collaboration and policy cohesion across portfolios. The Unit has held a lens to the organisation, helping it focus on the key activities that support our strategic cross cutting priorities such as jobs and growth, educational attainment and tackling poverty.

Delivery Unit has continued to provide me with periodic briefings in advance of the delivery bilaterals I have held with Ministers and their senior officials throughout this term. It has given me an impartial perspective on departments so I can judge how policies are being taken forward and how delivery is progressing. This has enabled me to monitor performance across the organisation, and hold my Ministers and their departments to account. It has consistently demonstrated the value it is adding by providing me with a mechanism through which I can receive free and frank opinion, advice and information within a private discussion space. This free and frank exchange of views has been essential in making an honest assessment of delivery.

I have previously said the effectiveness of the Delivery Unit should be judged on the delivery of the Programme for Government. The final Programme for Government annual report published in June 2015 showed more than 95% of our commitments had either been delivered or were on track to be delivered. The Unit has been instrumental in helping the organisation to achieve that.

In thinking about the Unit's impact, it is important to remember it was not established to do other people's jobs for them or to deliver separately from the rest of the organisation. There are therefore no separate and distinct measures of performance for the Unit. However, through its scrutiny it has ensured our strategic policies have remained on course. From my perspective, it is clear the Unit has become an integral part of government and has assisted departments to deliver. In terms of the value the Delivery Unit has added within departments, I am satisfied it has been successful in influencing behaviours behind the scenes, encouraging new thinking and helping to shape more effective approaches to delivery of the government's strategic objectives.

The Delivery Unit is now a well established and fully accepted function. Ministers and their departments are comfortable working with the Delivery Unit, and are proactively engaging with the Unit as an essential part of the machinery of government.

## **Child Poverty**

Since I appeared before Committee in 2013, there have been a number of key developments in relation to tackling child poverty in Wales.

In 2014, we published an evaluation of the Welsh Government's Child Poverty Strategy. This found that the approach we are taking in Wales is likely to make an important contribution to improving the outcomes of children and families living in poverty, but that some of the anticipated benefits of our approach are likely to be delivered over the longer term. As a result, the Revised Child Poverty Strategy, which was published in March 2015, identified a number of new priorities to help improve the outcomes of low income families in the here and now.

In 2015, we consulted on a Revised Child Poverty Strategy. This provided us with the opportunity to reflect further on our current approach and identify new opportunities for supporting children living in low income households. The consultation highlighted that there was strong support for maintaining our commitment to deliver on the three strategic objectives of the 2011 Child Poverty Strategy. These focus on reducing the number of children living in workless households, increasing the skills of parents and young people to enable them to secure well paid employment, and reducing the inequalities which exist in the education, health and economic outcomes of children and families living in poverty.

As a result of the consultation, we also included two new strategic objectives for tackling child poverty. The first outlines the importance of using all available levers to create a strong economy and labour market which supports the tackling poverty agenda and reduces in-work poverty in Wales. The second recognises the need to support families living in poverty to increase household income through debt and financial advice, action to address the "poverty premium", where households pay disproportionately more for goods and services, and action to mitigate the impacts of welfare reform.

The revised Strategy also reaffirms our ambition to eradicate child poverty in Wales by 2020. During the consultation period, most stakeholders felt keeping the ambition would help maintain momentum and ensure ongoing investment into preventing poverty in the longer term. It would also send a strong message: child poverty is a key priority for the Welsh Government and we expect everyone to contribute to the agenda.

We recognise the considerable challenges this ambition will pose, particularly in light of the impact and scale of public expenditure cuts and UK Government welfare reforms.

The evaluation of the 2011 Strategy suggested that the scale of programming was not sufficient to have an impact at the required level, in terms of tackling poverty. We have therefore refreshed our approach to focus on the root causes of poverty. Within a context of reducing budgets, we will be focussing on employability and the early years as we need to concentrate on those areas where we can have most impact. Instigated by my Delivery Unit, all Government Departments have been working together to prioritise this work and new policies and programmes have been put in place to help ensure maximum impact in delivering this agenda.

The Welsh Government has also taken action to streamline existing programmes. For example, we have recently undertaken a piece of work to identify actions to bring closer alignment between the four principle tackling poverty programmes, Flying Start, Families First, Communities First and Supporting People in readiness for the coming financial year.

The Tackling Poverty Action Plan Annual Report has remained the key mechanism by which progress on child poverty is reported. While the Action Plan is an all age plan, it includes a very strong focus on children and young people. It sets out key milestones and targets, many of which underpin the objectives of the Child Poverty Strategy. This includes targets and milestones on improving health and developmental outcomes in the early years, improving the educational outcomes of pupils eligible for Free School Meals, reducing health inequalities, reducing worklessness, reducing the number of young people who are NEET, and housing and regeneration.

Our Annual Report on the Action Plan provides the opportunity to set out any new actions and commitments, for delivering the strategic objectives of the Child Poverty Strategy, on an ongoing basis.

We cannot ignore the fact that the Welsh Government does not have all the levers available to influence poverty levels - important levers such as changes to the tax and benefits system are the responsibility of the UK Government. When I gave evidence on child poverty to the Committee in 2013, we could not have foreseen the devastating impact of the UK Government's austerity measures and its Welfare Reform programme. However, there is much that the Welsh Government can do, particularly in terms of improving educational

attainment, increasing skills, reducing worklessness, and improving health outcomes.

I believe the Welsh Government does have the right approach to tackling poverty. Significant progress has been made over recent years:

- The number of workless households has fallen. Over the last four years, we have created or safeguarded 150,000 Welsh jobs, while employment in Wales is nearly at a record level.
- We have achieved our target to break the link between educational attainment and poverty in Foundation Phase three years ahead of time. In December last year the Minister for Education and Skills announced a more challenging target to continue to drive improvement for the Foundation Phase.;
- We are on track to achieve our targets to reduce the number of young people not in employment, education or training; and
- We are improving skills across a number of programmes, including Communities First, Lift and Families First.
- The Healthy Child Wales programme will bring a consistent, universal Wales-wide core healthcare programme for the early years which will particularly benefit those living in poverty who at greatest risk of experiencing poorer outcomes in the critical early years of life.

We also recognise we need to do more. We need to continue to develop our understanding of what it will take to achieve the required shift in the headline population indicator on child poverty. Further analysis is underway of key data sets, including our National Survey, the Annual Population Survey and Households Below Average Income (HBAI) data for Wales, to further understand the characteristics of those households living in poverty and to develop interim milestones for tackling child poverty in Wales.

We know the Welsh Government cannot tackle poverty on its own. Partnership working and a collaborative approach to tackling child poverty will be critical to ensuring the delivery of the interim outcomes and milestones. We will continue to engage and work very closely with our existing partners to tackle child poverty, which includes Local Authorities, the Third Sector and the Private Sector.

### **Promoting Enterprise**

Promoting enterprise is a priority for the Welsh Government. We are taking forward wide-ranging actions that are supporting jobs, growth, and improving the business environment for Wales.

Over the term of this Government, we will have supported over 145,000 jobs with 106,619 jobs (created, safeguarded and assisted) in the first four years.

There has been a year on year improvement, and, with a record pipeline of job creation projects, we are currently on course to deliver a further improvement in 2015/16 (between 39,000 and 40,000 jobs).

There has been a consistent annual increase in FDI projects from a 30 year low of 23 in 2011/12 to an all-time record of 101 in 2014/15. The number of jobs created by overseas investors in 2014-15 was also the highest since Devolution with 9,461 jobs.

Since its launch in January 2013, the Business Wales service has helped create 13,249 jobs and safeguarded a further 3,387, and created more than 9,605 new businesses in Wales. Via its advisor network, Business Wales has provided advice to over 25,447 SMEs, and information and signposting to over 52,798 other businesses, as well as supporting 34,706 individuals.

Youth entrepreneurship in Wales is recognised as an example of best practice across Europe. The Global Entrepreneurship Monitor 2014 report shows that the rate of early stage entrepreneurship in Wales for those aged 18-29 years is 8.4 per cent (up from 4.9 per cent in 2013), above the UK average of 6.8 per cent and the highest in UK.

## **Major Infrastructure Projects in North Wales**

### **Rail**

We recognise the importance of upgrading the rail infrastructure in North Wales and what the benefit it can bring to the population and economy on both sides of the border.

Although rail infrastructure remains a non devolved matter, in making the case to the UK Government to improve rail connectivity between North Wales and North West England, we consider it vital to ensure a joined up approach.

We have commissioned further expert support from Dr Elizabeth Haywood to assist with the additional work required to strengthen the strategic outline business case and engage with key stakeholders.

### **Road**

The A55 is a key route for Wales and of national importance, providing key links to Enterprise Zones and the port of Holyhead, carrying on average 40,000 to 50,000 vehicles every day. We invested £4 million in a programme of resilience works on the A55 completed in February 2015.

Works are ongoing to improve the safety and resilience of the A55 tunnels at Conwy, Penmaenbach and Pen y Clip. The works programme is intermittent and primarily focussed at the quieter winter months, with overall completion by March 2017. Investment for these improvements will be approximately £42 million.

We are developing route options for improving the A494 Deeside corridor, and preparing proposals for improvements along the A55 at Junction 15/16 and Abergwyngregyn to Tai'r Meibion. We are also developing a business case for a potential third Menai crossing.

## **Flooding**

An advanced drainage improvement works contract is being brought forward between Junctions 12 and 13 on the A55 to help reduce flood risk. The £0.5 million project can start this autumn, subject to gaining landowners' agreement. This scheme is located on the southern side of the A55 and will be carried out in advance of the main A55 Abergwyngregyn to Tai'r Meibion scheme.

The Abergwyngregyn to Tai'r Meibion scheme is a major £15 million improvement project for this particular stretch of the road which needs a great deal of planning because of its sheer scale. It includes enlarging drainage culverts under the A55 to improve flood water flow and will be progressed in parallel with the advanced drainage scheme.

Since 2011 the Welsh Government has committed almost £300 million, including European funding, to managing flood risk and an additional £150 million will be invested in coastal risk management from 2018. This includes significant investment in North Wales targeted at schemes in Rhyl, Corwen, Dolgellau, Colwyn Bay and Beaumaris.

## **Broadband**

In North Wales, through our Superfast Cymru programme, we have invested £44,803,264 to date, with 177,088 premises receiving access to superfast broadband as a result of the project.

## **Enterprise Zone**

Work was completed in 2015 by Welsh Government's contractors on the strengthening the River Dee flood defence embankment at a cost of £2.3 million which was required to enable the development of the Northern Gateway and Airfields sites in the Enterprise Zone. Following on from this Welsh Government have committed to deliver the first phase of highway infrastructure which will service circa 60 acres of employment land. It is anticipated that the work will start on site in spring 2016 at an estimated cost of £4.5 million.

## **Energy – Wylfa**

We recognise the importance of the Hitachi investment and are leading on the Welsh Government response to the challenges presented by the largest single investment project in Wales in a generation. The £12 billion Wylfa Newydd new build project will be the single largest investment project in Wales over the next 10 years, and is of significant importance to the



economy, particularly that of North West Wales. We are committed to supporting the delivery of the new nuclear power station and established the Welsh Government's Nuclear Programme Board.

## **Regeneration**

Through our Vibrant and Viable places programme, which includes the Targeted Regeneration Fund, Tackling poverty fund, Town Centre partnerships and Business Improvement Districts, we are investing £27 million over 3 years in town centre regeneration and improvement schemes in Colwyn Bay, Holyhead, Wrexham, Deeside, Rhyl and Caernarfon which are some of the most deprived areas in North Wales.

We have many positive examples, such as the newly refurbished and extended Jesse Hughes Community Centre in Holyhead. The Centre is a valuable community resource and funding has been used to refurbish the venue. The Centre provides key educational services to parents, young people and children in Holyhead, including regular youth clubs, community groups and a Pupil Referral Unit for young people unable to attend mainstream education.

To date we have created new accommodation space for 440 jobs, supported 261 people into work and attracted almost £5 million pounds of Private Sector Investment.

## **Other Significant Infrastructure Projects**

Although the Committee's focus has specifically been on infrastructure projects in North Wales, it is important to note that there has also been significant infrastructure investment elsewhere across Wales.

For example, our Superfast Cymru project is being rolled out across Wales: in Mid and West Wales we have invested £33,296,824 to date, with 131,608 premises receiving access to superfast broadband; in South Wales Central we have invested £15,780,622 to date, with 62,374 premises receiving access to superfast broadband; in South Wales East we have invested £30,296,244 to date, with 119,748 premises receiving access to superfast broadband; and in South West Wales we have invested £14,528,778 to date, with 57,426 premises receiving access to superfast broadband as a result of the project.

Another area which has seen significant investment in infrastructure is transport. We have invested £72.1 million in improvements on the A477 St Clears to Red Roses, a 9.6km project that has improved the road from St Clears roundabout to Pont Newydd and bypassed the villages of Llanddowror and Red Roses. We provided £4.5 million investment for a dedicated slip road for Junction 33, M4 and £1.2 million in a dedicated slip road between the eastbound M4 and northbound A470 to ease some of the pressure on Junction 32 at Coryton roundabout. The A465 Heads of the Valleys road dualling scheme will improve safety and journey times and supports the

regeneration of the Heads of the Valleys area by providing improved transport links to and from the east. This project will be completed in 2020 at a cost of approximately £800 million.

We have contributed £15 million to towards a total project cost of £350 million for Swansea University's development of their Second Campus, specifically in relation to the construction of the SMART building. The University estimates the campus will contribute more than £3bn to the regional economy over the next 10 years. 4,000 direct jobs created during the construction phase, 6,000 more indirect jobs supported in the wider economy.

We have provided a £6 million loan out of a total of £140 million investment to Ely Mill Affordable Housing to transform a derelict 53 acre site into one of Cardiff's most attractive residential areas. We have also provided a £7 million commercial loan to the Whiteheads Development Company. The Whiteheads site is the third Tai Tirion project in Wales. Subject to planning permission this project is anticipated to create around 1500 jobs and deliver an economic benefit in the region of £140 million to the local economy. These are significant figures that will support job creation, the construction industry as well as businesses within the supply chain.

## **The Welsh Government's Relationship with the Third & Private Sectors**

### **Third Sector**

We remain unique in Wales in having the relationship between Welsh Government and the Third Sector rooted in legislation through the Government of Wales Act 2006. This led to the publication in 2014 of a fully revised Third Sector Scheme incorporating a Code of Practice for Funding the Third Sector.

We have continued to build our relationship through revisiting the formal engagement structures between the Welsh Government and the Third Sector, including the Third Sector Partnership Council (TSPC) – listening to feedback received though our consultation in 2014 to develop the TSPC and related Ministerial meetings.

Each Minister meets regularly with Third Sector representatives to discuss issues which are of shared importance in line with an agreed Framework for Engagement. The main TSPC meetings have also been refreshed so that they are longer with more time for discussion of cross cutting issues.

The Minister for Education and Skills and the Deputy Minister for Skills and Technology met with representatives of the Third Sector on 10 February to discuss progress against the priorities identified for Education and Skills. Updates were provided on five of the seven priorities: breaking the link between deprivation and attainment; Schools Challenge Cymru; the Youth Engagement and Progressions Framework; European Social Fund Policy and access to Welsh medium education across all phases.

We have developed seven key principles which outline our commitment to the importance of working with communities. These important principles help public service organisations and communities work better together. The Third Sector Scheme and Code of Practice for Funding the Third Sector were developed in line with these principles, in partnership with the Third Sector.

Like the Third Sector Scheme itself, our Volunteering Policy – *Supporting Communities, Changing Lives* – which was published last August, was also developed in close partnership with the Third Sector. This document affirms the value of volunteers and sets out in detail the role of Welsh Government and Third Sector organisations in supporting them. The Volunteering Policy seeks to help remove barriers to volunteering by providing support for those who need extra help to access opportunities to volunteer, such as higher support needs. It recognises volunteering can, in some circumstances, help people towards employment.

To support volunteering and the Third Sector more widely, Welsh Government has provided £6.6 million in 2015/16 as core funding for Third Sector Support Wales (consisting principally of Wales Council for Voluntary Action and the 19 County Voluntary Councils across Wales). This funding allows these organisations to offer a range of support services for local community organisations and for volunteers, including promoting good governance, improving fundraising and encouraging volunteering.

More specifically, this funding contributes toward:

- Identifying 8,000 volunteering opportunities;
- 1.3 million people receiving advice from Websites;
- 5,000 Trustees helped with good governance;
- 300 new organisations or services developed
- 2,600 young people supported to receive their 200 hour, 100 hour and 50 Millennium Volunteering certificates;
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Welsh Government support extends well beyond the support for Third Sector Support Wales. In 2013-14 the Welsh Government spent £326.5 million on direct funding of the Third Sector. This includes funding through grant and competitive procurement routes.

This does not include indirect payments made to Third Sector organisations where the Welsh Government has provided funding to another organisation, for example a Local Authority, which may have subsequently funded Third Sector organisations.

The reported reduction in grant funding to the Third Sector in the 2014 Welsh Government Report on Grant Management (£303 million, £265 million and £240 million over the last three financial years respectively), reflects the economic situation and the reduction in UK Government funding for Wales has inevitably impacted on funding across all sectors.

The reported reduction in grant funding has been ameliorated where funding has been provided via contracts. In 2012-13 the Third Sector was successful in attracting £43.7 million in procured expenditure, whereas in 2013-14, this increased to £66.5 million in new contracts secured by the Third Sector.

Overall, Welsh Government's support for the Third Sector has remained strong.

## **Private Sector**

We continue to engage with the business community across Wales, from aspiring entrepreneurs, micro-businesses, SMEs and social businesses to Regionally Important and Anchor Companies. This includes engagement through independent private sector panels such as the various Priority Sector Panels, Business Wales Strategic Board, the Regional Entrepreneurship Acceleration Programme (REAP) Panel, Enterprise Zone Advisory Boards, Local Growth Zone Groups and the Welsh Co-operative and Mutuals Commission.

The Council for Economic Renewal provides advice to the Welsh Government to help inform economic and business policies in Wales. The Council brings together a range of business, social enterprise and trade union representatives, is chaired by the First Minister, and meets three times a year. A wide range of issues have been discussed by the Council and its Executive Working Group, including Procurement, Skills, Tackling Poverty, Better Regulation, European Structural Funds, Business Wales, and The Living Wage.

Since it was launched in January 2013 Business Wales has provided advice to over 25,447 businesses and information and signposting to over 52,798 other businesses, as well as supporting 34,706 individuals considering starting a business. Business Wales has also dealt with over 90,640 enquiries via the Helpline. In the same period the website has received over 1.5m visits, while its newsletter and social media channels have over 100,000 followers.

The Directory of Welsh Businesses has recently been launched and provides businesses in Wales with an opportunity to promote their goods, services and credentials to other businesses and to consumers. Users can search for Welsh businesses by name or perform an advanced search using a combination of sector, sub-sector, region or postcode.

Launched in August 2015, the Business Online Support Service makes available the current Welsh Government face-to-face business courses through a new online service, providing on-demand access to information to help individuals start and grow a business. So far it has attracted over 3,450 registrations and over 3,000 modules/short courses have been completed. To raise awareness of what it takes to be a successful entrepreneur, a network of 343 Big Ideas Wales Role Models deliver inspirational workshops and coach future entrepreneurs.

A Giving Back Campaign will be launched shortly to help businesses build closer links with the local community. The campaign will promote working with local schools, businesses and entrepreneurs as an opportunity to link to local resources and give something back to the community at the same time.

The new area on the Business Wales website will encourage businesses that have received support to give back by mentoring, becoming a role model or 'adopting an entrepreneur' e.g. providing access to space and IT facilities. There will be an open evening on 17 March in the Welsh Government's Llandudno Junction office for businesses to come in and use the space.

Across Wales there are currently 50 Anchor Companies and 62 Regionally Important Companies. A skills event was held on 3 February, hosted by Tata Steel. The focus will be on how companies can collaborate more to support skills development. The event is led by the Anchor Companies and the South East and South West Wales Regional Learning and Skills Partnerships with DfES and ES&T taking a facilitation role.

### **The Welsh Government's 2010 Climate Change Strategy for Wales**

The Committee considered the Welsh Government's 2010 Climate Change Strategy for Wales in June 2014 and below are updates on areas where they showed specific interest.

#### **Progress against the Targets**

The Programme for Government sets out the headline commitments to tackle the causes and consequences of climate change together with the overarching aim of achieving sustainable economic growth and creating a low carbon economy.

The headline targets being:

- a 3% annual reduction in emissions in devolved areas; and,
- a 40% reduction in overall emissions by 2020.

Although there has been progress in some areas, the latest figures due to be published in the forthcoming Annual Report on Climate Change again show that more work needs to be done if the 40% target is to be delivered. The figures show that against the 3% target emissions have fallen by 14.7% against a target of 9% and but against the 40% target emissions have increased for the second year running meaning the decrease from 1990 is now only 11.9% (a 10.3% increase in emissions on last year).

#### **Climate Change Targets and Carbon Budgeting**

The passing of the Environment (Wales) Bill now means that the legislative requirements for climate change will be significantly strengthened. The Bill will ensure that clear interim targets and carbon budgeting will, set out a clear pathway for decarbonisation in Wales with the aim of at least an 80%

reduction in emissions by 2050. This will also provide clarity and certainty for investment in Wales in the context of global decarbonisation.

In setting the carbon budgets, expert advice will be sought, in particular from the UK Committee on Climate Change, to ensure emissions are reduced in a way that not only delivers on our obligations but maximises the economic, social and environmental benefits of doing so. This is a major step change which fully recognises the implications of the Paris agreement in that going forward, it will not be about balancing the economy and the environment; future prosperity is dependent on delivering for both.

## **Responsibility for Climate Change**

The new legislative framework that we have brought in through the Well-being of Future Generations (Wales) Act 2015 and the Environment (Wales) Bill underlines the commitment to cross government action. Decarbonising Wales will not be achieved by the actions of an individual portfolio but by the collective action of not just Government, but all sectors.

This is underlined in the Well-being of Future Generations Act which sets seven universal goals to reflect the Wales we want. Climate change is relevant to all of the goals and is referenced directly within the prosperous and resilient Wales goals. In addition, the Welsh Government's commitment to cross-government action has been further strengthened within the Environment Bill as Welsh Ministers will be required to set out how they expect to meet their carbon budgets to deliver the required reduction in emissions. Going forward, each Welsh Government portfolio will therefore have clear responsibilities within the new legislative framework, which builds on the current Programme for Government and Cabinet commitments in relation to climate change – notably the drive for a low carbon economy, the existing commitment to assess all policies and programmes against their carbon impact and the commitment to ensuring the climate risk assessment of key capital investment.

The Act also strengthens the responsibilities of public service boards in relation to climate change as in developing their Well-being assessments, they must take into account the consequences of climate change through the Welsh report of the UK Climate Change Risk Assessment.

## **M4 Corridor around Newport**

The Welsh Government is committed to the assessment of the carbon impact associated with the construction, operation and use of the M4 Corridor around Newport project is currently taking place. Assessment results will be reported in a full Environmental Statement for the project, which will potentially be published this Spring if a decision is made to publish draft Statutory Orders. Stakeholders views on these documents will be considered in the round before any decision is made on whether to proceed with this project.

## **Residential Sector**

Following the 2014 changes to Part L of the Building Regulations, a commitment was made to a review of Building Regulations in 2016. There is a requirement to transpose the EU Energy Performance in Buildings Directive 2012 to achieve nearly zero energy new buildings by 2018 for public buildings and 2020 for all new buildings. The Directive provides that standards should be set on a cost optimal basis. The first report on cost optimality covering the UK was submitted to the European Commission in 2012, reports are required every 5 years and the next review is due in 2017. Reviews of Part L will therefore look to identify opportunities to reduce emissions whilst ensuring compliance with the Directive.

Given the May 2016 election this will now be a matter for the next administration. These changes will now not only need to consider EU requirements but will also now be undertaken within the legislative framework under the WFG Act and Environment Bill.

## **Community Energy**

The Minister for Natural Resources published the Green Growth Wales: Local Energy document in July 2015, setting out the vision for a future where communities and businesses use locally generated electricity and heat from a range of renewable installations to supply local demand. Installing and maintaining these renewable technologies and the systems used to manage them will provide sustainable local jobs for the long term.

The Welsh Government has worked with partners and provided support to develop a pipeline of community, local authority, Smart Living and Natural Resources Wales energy projects. We have provided public bodies with commercial expertise to help in delivering local energy generation and efficiency projects. Our Register of Community and Economic Benefits sets out how local communities have received support from energy developers to fund local priorities.

The Minister for Natural Resources launched the Welsh Government Local Energy service at Taff Bargoed Park, Treharris on 28 January 2016. The service provides integrated support including help and advice from locally based Development Officers, access to preparatory and loan funding, and online resources including a toolkit and partnership portal. The partnership portal, hosted on the Welsh Government Local Energy website, will bring together partners such as community groups, local authorities, developers and investors to work together on projects, which will increase the options for shared ownership of developments.

## **Behaviour Change and Education**

Following the review of Curriculum and Assessment arrangements in Wales, "Successful Futures" was published in February 2015 and "A curriculum for Wales – a curriculum for life" then published in October 2015, setting out the

plan for taking forward the recommendations, including the development of the new curriculum framework. Since then, a network of Pioneer Schools has been established to lead and shape the detailed design and development of the new, inclusive, broad, balanced and challenging curriculum which will be informed by research and international evidence and it is envisaged should be available for first teaching in schools and other settings by September 2021.

The Welsh Government has continued its support to Keep Wales Tidy to deliver the highly successful Eco-Schools programme in 2016/17. Over 830 schools in Wales now hold the prestigious international Green Flag award and it is vital that children and young people learn about the challenges posed by a changing climate and how they can adopt more sustainable behaviours. In the run-up to the recent UN COP21 climate change talks in Paris, children from Wales and Mbale in Uganda took part in a film that highlighted their views on the need to act for future generations.

### **The Paris COP Summit**

The 21st Conference of the Parties (COP21) to the United Nations Framework Convention on Climate Change (UNFCCC) took place in Paris between 30 November and 12 December 2015, was on an unprecedented scale, with representation at the summit from 20,000 official delegates, 195 governments and nearly 150 world leaders.

The outcome of COP21 (the Paris Agreement) was a new international agreement signed by all 195 national governments with the overall aim of holding the increase in global average temperature to well below 2 degrees Celsius above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5 degree Celsius above pre-industrial levels. In successfully securing the agreement of all the nations on Earth, Paris has set the context not only for tackling the causes and consequences of climate change, but more fundamentally it also sets the context for the decarbonisation of the global economy.

### **The Promotion and Marketing of Wales**

#### **Business**

We have continued with the Just Ask Wales campaign, making greater use of digital channels such as LinkedIn to reach potential customers. This has been combined with other media such as print and electronic direct mail.

In addition, there has been a programme of events and trade missions, promoting and marketing Wales. This has covered a number of key sectors such as Advanced Materials & Manufacturing at the MRO Europe event in London's ExCel, through to Life Science trade missions to Medica in Germany and Arab Health in Dubai.



Looking toward the end of the financial year, there are also a host of events that will promote and market Wales' strengths as a business destination, including BioWales and the International Green Growth Forum.

### **The Welsh Government's Role in Protecting and Enhancing the Welsh Language**

The Welsh Government has undertaken a number of developments with regard to the Welsh language since I appeared before the Committee to answer questions on this topic in March 2015, including the following items.

#### **Welsh Language Standards**

In October, the Welsh Language Commissioner issued the first Welsh Language Standards compliance notices to Local Authorities, National Parks Authorities and Welsh Ministers, with the vast majority of Standards having to be complied with at the end of March. This is an important milestone with regard to Welsh language services. Work on further cycles of Welsh language standards continues, and the Welsh Language Standards No.2 Regulations 2016 were approved on 9 February 2016 and make Standards applicable to 32 further organisations.

The Welsh Language Tribunal has been established and all necessary Tribunal rules and procedures are in place.

#### **Siarter Iaith – encouraging social use of Welsh in schools**

In August 2015, I was pleased to announce funding of £200,000 to extend the Gwynedd Schools Language Charter to other local authorities in north Wales. Its aim is to increase informal use of the language outside the classroom environment. It is important to show young people in the education system that Welsh has a place outside the classroom, and this initiative plays an important role in incorporating the language into every aspect of their lives.

#### **Pethau Bychain**

Our Pethau Bychain campaign to encourage people to do the little things in Welsh has continued during the year, with a particular focus on promoting Welsh language music, promoting Welsh within skills programmes, promoting use of Welsh during Rugby World Cup and promoting use of Welsh in families over Christmas.

#### **Welsh Language Centres**

We have started to see the fruits of the capital funding to create 10 Welsh Language Centres across Wales which has created a new energy at a community level across Wales. These will be dynamic, multi-purpose centres which will make the language more visible in our communities. I was pleased to attend the opening of Yr Atom in Carmarthen, Camu in Wrexham, and look forward to attending the opening of Yr Hen Lyfrgell in Cardiff soon. A network

has been established to allow for sharing of good practice between the centres.

### **Welsh for Adults**

The establishment of the new Welsh for Adults National Entity has led to a sea change in the way the area is administered. The Entity will be responsible for offering strategic leadership and for acting on the recommendations of the Welsh for Adults Review Group, which included developing new funding arrangements.

### **Teaching of Welsh as a Second Language**

In October 2015 the Minister for Education and Skills published A Curriculum for Wales, a Curriculum for Life, a plan to take forward the recommendations Professor Graham Donaldson set out in Successful Futures. The Pioneer Schools Network will be at the forefront of designing the new curriculum and assessment arrangements with expert advice and support. There will be a renewed focus on learning Welsh primarily as a means of communication, particularly oral communication and understanding. Our aim is for everyone to use their Welsh with pride and confidence whatever their level of proficiency. The new curriculum will allow them to make progress towards fluency whatever their background and wherever in Wales they go to school.

### **Launch of Tourism Spring Campaign 2016: Year of Adventure**

The Year of Adventure has got off to a great start with Wales and its attractions being listed by an unprecedented number of global media outlets - from Rough Guide to Lonely Planet to Forbes - as a must-see place to visit in 2016.

A major new multi-channel Visit Wales campaign launched on 25 January, building on this momentum. This £4m campaign – which includes television, digital and cinema advertising is the latest move to make Wales a leading global destination for adventure tourism and is aimed at markets in Wales, the wider UK, the Republic of Ireland, Germany. We will also be attending the Telegraph Outdoors Show and the ITB Trade fair in Berlin. The campaign is an investment in the growing tourism economy of Wales – we know that our consumer marketing generated additional spend of £238m in Wales in 2014.

Locations and activities which feature in the advert include sea kayaking off the Pembrokeshire Coast; Horse riding on the beach in Llangennith; family camping in Nant Gwynant and climbing in Snowdonia and Festival No.6 in Portmeirion. The campaign has so-far been exceptionally well received on social media platforms and by the tourism industry in Wales.

The Year of Adventure is the first in a series of three thematic years to promote Wales and the campaign signifies a new approach to marketing Wales as a tourism destination. The fresh and contemporary creative features

striking graphic aerial images giving a stunning 90 degree birds eye view of Wales' remarkable landscape.

## **Constitutional Developments**

In its White Paper, Powers for a Purpose, the UK Government committed to implementing a number of recommendations from the second Silk Commission Report, including a reserved powers model of Devolution. During the summer, the UK Government shared a working draft of the Wales Bill with the Welsh Government. The First Minister exchanged correspondence with the Secretary of State setting out the Welsh Government's concerns with the draft. The First Minister also proposed further policy areas for devolution including the devolution of Air Passenger Duty, the Community Infrastructure Levy and Alcohol Licencing. The Secretary of State has not yet replied to those proposals.

### **The Draft Bill and pre legislative scrutiny**

The UK Government published its draft Wales Bill on 20 October for pre-legislative scrutiny. This made provision to move from a conferred powers model of devolution to a reserved powers model. The Bill also included provisions to devolve responsibility for certain areas including local and National Assembly elections; National Assembly procedures and governance and speed limits.

The Assembly held a debate on the draft Bill on 3 November in which AMs from all four parties raised serious concerns with the draft. Since the autumn, Welsh Government officials have engaged in a number of meetings with UK Departments to set out Welsh Government concerns.

The Welsh Affairs Committee (WAC) and the Constitutional and Legislative Affairs Committee (CLAC) both held inquiries into the draft Bill. CLAC published its report on 4 December calling for a number of changes to the Bill before introduction. The Assembly debated the key recommendations on 13 January and agreed unanimously to welcome the report and note its recommendations for amendment.

The Wales Governance Centre (WGC) and the UCL Constitution Unit published a report on the draft Bill on 1 February. This echoed the concerns of the CLAC inquiry and called for pausing the process so that the fundamental constitutional and practical issues can be addressed.

The House of Commons Welsh Grand Committee debated the draft Bill on 3 February.

### ***Key Issues***

Restrictions on changes to the Criminal and Civil Law: concerns have been raised that the draft Bill would significantly curtail the Assembly's power to

modify the private and criminal law, by introducing a series of new legal tests, including the necessity test.

- Distinct Jurisdiction: As a result of the proposed restrictions, it has been proposed that there should be a distinct (but not separate legal jurisdiction for Wales to reflect the growing body of Welsh law, making it easier to define the powers of the National Assembly in respect of modifications of the private and criminal law consistently with the 2011 referendum mandate.
- Ministerial Consents: The draft Bill would require the UK Government to consent to any provision of a Welsh Bill which modifies any function of a UK Minister, UK Government Department or reserved authority, even if these functions are in a devolved area. The First Minister has said that this significantly extends the circumstances in which the Assembly would require UK Government consent in order to legislate.
- List of Reserved Areas: The First Minister has said that the list of reservations includes matters that either should be devolved or are too minor for inclusion in a constitutional document and should be reduced significantly. Matters in question include alcohol licensing, the Community Infrastructure Levy, pedlars, street trading, and the pubs' code.

The Secretary of State has said that he will consider the issues around the necessity test, ministerial consents and the list of reserved areas but has rejected the calls for a distinct or separate jurisdiction.

### **Next Steps**

The Bill, including any revisions made by the UK Government, was originally expected to be introduced into Parliament around the end of February but WAC's failure to complete its pre-legislative scrutiny until early February, and the general criticism of the Bill, may lead to introduction being deferred. On the original timescale, the Bill would pass through the House of Commons and be introduced in the House of Lords by July. It is not yet known what impact a June EU referendum might have on this timetable. The UK Government's aim is for the Bill to receive Royal Assent in early 2017.

### **Scottish Referendum: Implications for Wales**

Following the Scottish Independence Referendum, the Smith Commission was established to make recommendations for further devolution of powers to the Scottish Parliament. The UK Government introduced the Scotland Bill in Parliament to enact these recommendations and the Bill is currently being considered by the House of Lords. The First Minister has made representations that this process should include consideration of Wales' devolution settlement and more broadly, the starting point for considering whether a matter ought to be devolved should be "*that if something is devolved in Scotland, why should it not be devolved in Wales?*"

## **Other Constitutional developments**

Constitutional issues continue to be discussed at the UK level, with the possibility of a constitutional convention still being mentioned as a possible way forward. The House of Lords Constitution Committee is close to completing a major Inquiry into “The Union and Devolution”, with a Report expected in the early summer. Reform of the JMC arrangements has been held up by an inability to find a winter or spring date for the JMC plenary meeting, which is now not likely to take place before the Assembly elections. The UK Government has a commitment to publish a consultation document on a British Bill of Rights (to replace the Human Rights Act), and this may (or may not) appear in the next few weeks in the context of the debate on the UK’s membership of the EU.