

Environment and Sustainability Committee

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Inquiry into the Business Case for the Single Environment Body – Evidence from Environment Agency Wales

1. Our position

Since its creation in 1996, the Environment Agency has operated successfully as an independent body across England and Wales. Following devolution in 1999, we have been committed to delivering the Welsh Government's environmental priorities and have been successful in helping to protect and improve the environment of Wales. This is demonstrated by:

- Water quality improving over the long term. In 2011, 87 of 88 designated beaches across Wales complied with the mandatory Bathing Water standards. In 2010, 98.3% of rivers achieved Good or Fair under the General Quality Assessment (chemical scheme);
- The successful management of over 1,800 miles of flood defences across Wales and as a result of flood defence schemes completed between April 2005 and 2011, over 4,500 extra properties benefiting from reduced flood risk;
- Improved air quality through our regulation of industrial emissions. For example, sulphur dioxide emissions across Wales reduced by 88% between 1990 and 2010.

However, in recent years, we have seen growing differences in what is being asked from the Environment Agency in England and Wales and policy differences are increasing. For example, in England there is increasing emphasis on removing regulation to minimise the burden on business and industry. In Wales, there is greater focus on working with the public, private and third sectors to achieve improved environmental outcomes. We need to change to reflect these diverging approaches. A single environment body for Wales will ensure there is a total focus on Welsh priorities and we would expect the new body to deliver:

- Improved outcomes for the environment, people and economy of Wales, by having a single body undertaking an integrated approach to resolving problems and identifying solutions with multiple benefits;
- Greater efficiency through reducing corporate overheads and generating savings from joint management of estate, procurement and equipment. This will release money for reinvestment in front line services.

We believe that the business case for the single environment body demonstrates that these benefits will outweigh the costs. We recognise that a conservative approach has been taken to the assessment of costs and benefits and the business case has been subject to external scrutiny, which confirms it is in line with Treasury guidelines. Furthermore, separation of EA Wales from its parent body would release an extra £20 million for investment in Wales ensuring that the new body in Wales has the right capabilities and services for managing the environment in Wales.

We support the principles of the Natural Environment Framework (NEF) and the new single environment body will be one of the principal organisations responsible for delivering it. Although there has been good progress on NEF, we are promoting the need for more work to translate the theoretical concepts into practical approaches. For this reason, we welcome the proposed pilots. Applying the NEF concepts to specific local problems will help us all understand the new ways of working.

2.Vision and role for the new body

Our vision for the new body is based on a belief that sustainable development must be the cornerstone of everything it does. The creation of a new environmental organisation in Wales represents a unique opportunity to deliver more for the people and economy of Wales as well as the environment. As such it must be more than simply bringing together the three existing organisations. The new organisation must have a clear vision of its role and remit and this vision must be easily understood by all sections of the community. At the moment, we don't believe that many people have a clear understanding of what improvements the single body could deliver.

The NEF promotes a new approach to the management of our environment to ensure that ecosystems are protected and managed as a whole. This ensures that the full range of benefits or ecosystem services can be realised and thereby contribute to economic and social prosperity. The new body must secure environmental improvements that bring benefits for the local communities and economy as well. Taking this wider perspective will deliver "win-win-win" for the environment, people and economy of Wales.

We believe that there are six key challenges for the new organisation:

- Sustainable land use management;
- Strategic leadership to resolve complex environmental problems;
- Facilitation of economic growth and development;
- Green investment and green jobs;
- Improving regulation;

- Climate change.

2.1 Sustainable land use management

Securing the sustainable and integrated management of land and water is perhaps the most critical environmental challenge for Wales. As well as making economic sense, the use and management of land has a major impact on biodiversity as well as being a significant contributor to diffuse pollution of Welsh rivers and streams. Currently all three organisations have key responsibilities for the management of land, providing advice and guidance to land managers as well as regulating some activities. We believe that there is an opportunity to streamline these services, working with the third sector, to provide a more integrated and effective service. This will help meet the requirements defined in the Water Framework, Habitats and Birds, Bathing Waters and Shellfish Waters Directives. There will also be benefits for flood risk management and carbon retention.

2.2. Strategic leadership to resolve complex environmental problems

Our experience of dealing with complex environmental issues in places such as Burry Inlet and Neath-Port Talbot has shown us how difficult and time consuming it can be developing integrated, cost-effective solutions to such problems. Current legislation drives organisations to focus on their specific roles and responsibilities. There is no incentive for any one organisation to take a strategic leadership role to co-ordinate all those involved, to seek a common understanding of the problems and agree action. Creation of the single environment body is an opportunity to address this shortfall by including in its remit the responsibility to co-ordinate action by bringing together the public, private and third sectors to resolve complex environmental problems. This will ensure everyone is working together in the most effective way, to resolve specific environmental problems and deliver wider benefits for the economy and local community.

Currently no single organisation in Wales considers long term environmental planning for all aspects of the environment in Wales. We believe that the new body has a role to play in providing robust evidence of current environmental pressures and predicting future pressures in Wales and the range of possible interventions to manage these. Provision of this robust evidence, assessing the environmental consequences of decisions and emerging environmental issues, will enable the Welsh Government and local authorities to take better decisions.

2.3 Facilitation of economic growth and development

Economic development and changes in the way people live will put greater pressure on ecosystems. We welcome the Welsh Government's proposal in the economic renewal programme, A New Direction 2010, for a statutory infrastructure plan for Wales. We believe there is a need

to put much greater emphasis on getting the most appropriate developments in the right place, not only for the environment but also for the economy and people. This will ensure that new developments are resilient to future challenges such as climate change, changing demographics and resource scarcity. It will also make it easier for business and industry, by reducing cost and time for environmental permitting through guiding developments to locations where the environment is less sensitive. The new environment body will have a major role to play in providing environmental information, data and evidence so that the natural capacity of the environment is understood and informs the development of the infrastructure plan. We believe that the new organisation must establish strong links with local authorities, through provision of better evidence, to inform their decision making. This will help local authorities and the new body deliver positive environmental, social and economic outcomes.

2.4 Green investment and green jobs

The quality of the Welsh environment already plays an important role in supporting a vibrant Welsh tourism industry. In 2007, the 'Wildlife Economy Wales' study estimated that wildlife related activity in Wales contributed in the order of £1,936 millions annually and supported over 30,000 jobs. The new environment body must build on this and facilitate job creation, not only in tourism and forestry, but also emerging green industries such as renewable energy. The potential of these new industries is demonstrated in a study by Leeds University which shows that investment in relatively simple energy saving initiatives in the Leeds city region would create 1000 jobs per year.

2.5 Improving regulation

There are significant opportunities to streamline environmental permitting. Creation of one organisation will immediately simplify the process for customers, establishing a one stop shop for all permits, advice and guidance on environmental issues. This could reduce costs for customers as well as speeding up the permit determination process.

For high risk and complex activities, there is an opportunity working with Welsh Government, WLGA and others to streamline the environmental permitting and planning consenting processes by considering both consents separately but at the same time. This will deliver benefits to business and industry, through the provision of consistent, timely advice and guidance reducing the regulatory burden. This change will also enable local communities to be better informed about the potential impact of specific developments on their community and environment.

2.6 Climate change

Adapting to the inevitable consequences of climate change through the next century will require imaginative and innovative ways of planning and management. The scale of the challenge is very significant. In 2009/10, for example, Environment Agency Wales and Welsh local authorities invested £44m in constructing and maintaining flood defences. Taking the mid-range climate projections from the most recent UK climate change projections, by 2035 this annual figure will treble to maintain the same level of protection. Conversely, by the 2050s, naturalised summer river flows are projected to fall by 20% – 60% across Wales and the challenge will be to deal successfully with more frequent droughts.

Environment Agency Wales is already considering climate change by advising on spatial planning, flood risk management and maintaining security of public water supply. The new organisation will need to build on this work, as well as that developed by CCW and FCW, to enhance the resilience of habitats and species to a changing climate and water cycle. The new organisation will also need to contribute to the Welsh Government commitment to making a 3% annual reduction in greenhouse gas emissions from 2011-12 onwards; indeed it should be an exemplar for the public sector. Its regulatory activities will need to ensure that the carbon reduction targets for the EU Emissions Trading Scheme and the CRC Energy Efficiency Levy are met without jeopardising economic output.

3. Potential risks and mitigation

We recognise that there are risks that need careful management in the period running up to, and after, the establishment of the new organisation. Nevertheless, we are confident these can be mitigated.

3.1 Insufficient resources to deliver effectively for the environment:

- We recognise that there could be a drop in performance in the period before and after a reorganisation. Our priority is to ensure we maintain business activities that are critical for the protection of the environment, people or for the economy, for example flood warning, incident management, front line regulation and issuing permits to operate. We recognise this is a challenge, particularly as more staff are diverted to work on the Welsh Government's SEB and NEF programmes. We believe we can manage this by prioritising our resources onto the critical activities. However, we also need the Welsh Government to streamline the input required to the SEB and NEF programmes to only focus on critical activities. We will carefully monitor the delivery of our critical activities, through customer feedback to ensure there is no slippage in standards of service. Where necessary we will put in place additional resources to ensure standards are met. Finally, where appropriate we will secure additional support from our parent body.

- Environment Agency Wales and Forestry Commission Wales currently receive a range of services from their parent bodies. The SEB will need to clarify all of its future service requirements and identify the best arrangements for securing these in the future. This is critical to ensuring that the SEB is operational on day 1.

3.2 Unintended consequences across the border

- We recognise that different regulatory regimes could result between England and Wales as policies and priorities continue to diverge between the two Governments. There is a risk that this could result in anticompetitive conditions for business as a result of adding regulatory burden. There could also be uncertainty for those living and working in the border area. We believe this can be mitigated by establishing strong working relationships with the environment bodies of the devolved administrations and the Environment Agency in England to ensure all regulatory and policy differences are scrutinised, the impacts understood and mitigated for.
- In the cross border catchments and estuaries between Wales and England, clear legal agreements will need to be in place to ensure the continued successful management of the environment. The strong working relationship that currently exists with the Environment Agency in England will need to be maintained.

3.3 Transparency of decision making

- In some situations, for example when permitting an activity and assessing its environmental impact, the new body will be required to carry out both regulatory and advisory roles. The new body will need to put in place appropriate levels of governance and transparency in its decision making to address concerns about the potential conflict these two roles present. This is not a new challenge. When the Environment Agency was formed, similar concerns were raised about water quality and fisheries impacts when permitting industrial installations. This was mitigated by having consultation arrangements with key functions within the business and externally, and making decision documents and appropriate assessments publicly available. Also the continued involvement of the public in the decision making process also ensures that we address local concerns in our regulatory role. There will be a continuing role for the Welsh Government in the scrutiny of the new body with regard to regulatory decisions and processes for legal challenge.

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