

**Cabinet Secretary for Environment and Rural Affairs (ERA)
Climate Change, Environment and Rural Affairs Committee**

1. This paper sets out some of my priorities and recent actions ahead of my meeting with the Committee on 20 July.

Exit from the European Union (EU)

2. Exit from the EU continues to be at the very top of my agenda and is an issue to which I am giving significant attention. Working together with our partners, we are seeking to ensure we get the very best outcome for our farming, land management, food and environment sectors. I was pleased to respond to the Committee's report on the future of land management in Wales recently and set out a number of my priorities.
3. Our ERA Brexit Stakeholder Roundtable continues to be an important force and a vital source of insight and expertise. This early and ongoing engagement with key partners has been an absolute priority in working to identify the full implications, challenges and opportunities from exiting the EU.
4. At the March Roundtable we agreed to set up seven Working Groups to enable the Roundtable to become more involved with the more detailed aspects of EU Transition arrangements. These groups will take forward a more detailed analysis in the areas of land management, legislation and regulation, evidence and scenarios, trade and supply chains, air and climate, seas and coast and people and communities. All these groups have held at least one meeting and are in the process of agreeing future work plans.
5. I have been actively participating in Ministerial Quadrilateral meetings with my counterparts from the other Devolved Administrations and Defra. The engagement to date with Defra is particularly welcome given the importance of the Environment and Rural Affairs portfolio to Wales, but progress has not been as fast as I would wish, especially in the context of the ticking clock for the EU negotiations. Progress has been further delayed by the UK General Election. The UK Ministers postponed the June and July Quadrilateral Meetings where we were due to discuss future policy options.
6. It is of absolute importance that these discussions now move on quickly to establish arrangements for post-EU Exit and we have been emphasising this at every level available to us.
7. Agriculture has been fully devolved for nearly two decades and I am clear and resolute it must stay that way. I press the point at every opportunity that Wales must be able to put in place policies that respond to our unique context and build on our strengths. There is a need for UK frameworks where we have areas of commonality, but it is essential these frameworks are collectively agreed and Wales has an equal say in how they are shaped.
8. In terms of the future post-Brexit, I have consulted widely on the Natural Resources Policy and I am grateful for the input that so many of our stakeholders have provided. The consultation closed in February and I have been considering the feedback and building on the opportunities and challenges identified in the

State of Natural Resources Report.

9. I have taken the decision to delay temporarily publication of the Natural Resources Policy to provide more time to be able to analyse fully the significant number of responses received to our recent consultation. This is especially important given the profound implications of the UK's exit from the EU to the policy, legislation and funding frameworks for our natural resources in Wales and our key sectors that utilise them.
10. The Natural Resources Policy is not just about the role of Welsh Government or the wider public sector, it recognises that Wales as a whole benefits from our natural resources. We face serious and difficult challenges with respect to climate change and evidence showing that biodiversity continues to decline.

Legislative Framework

11. On 21 June, I launched a consultation called Taking Forward Wales' Sustainable Management of Natural Resources for 12 weeks to consult on proposals which seek to further deliver our commitment to manage our natural resources more sustainably to deliver lasting economic, social and cultural, as well as environmental benefits, to ensure the continued prosperity of Wales.
12. A significant amount of work is ongoing to consider the implications of EU Exit on animal health and welfare. There is now agreement across the UK to use the next two years to influence emerging EU tertiary legislation. Our objective must be to ensure we have a legislative framework in place which supports trade and the need to respond to animal disease outbreaks quickly and effectively. These can have wide and costly consequences for animal and public health, the economy and the environment.
13. There is a need to simplify and consolidate Welsh planning legislation. It is complex in nature and currently spread across a number of Acts. I am pleased the Law Commission for England and Wales is focusing this project on delivering consolidation and simplification of planning legislation in Wales. The Law Commission published a scoping paper in June last year with a more detailed consultation paper following this autumn. This will result in a report setting out their conclusions for the Welsh Ministers to consider. This will provide the evidence base to start the process of consolidating planning law in Wales.

Prosperous and secure

14. My aim is to focus on 'win-win' actions that deliver economic, social and environmental improvements. This approach is increasingly commonplace in the business sector where many of the most successful multinational companies have a 'triple bottom line' or 'people, planet, profit' approach.
15. My decarbonisation focus is on setting up an emission reduction framework. The programme is on schedule for delivery within the legislative timescales.
16. A Ministerial Task and Finish Group has been set up recognising the cross Government responsibility and have already met. We have received advice from the UK Committee on Climate Change (UKCCC) and will shortly respond outlining our policy approach to the Welsh Net Emission Account.

17. In setting our targets and budgets, we must have regard to a number of pieces of evidence and we have asked the UKCCC for advice around this. We are developing our emissions model, the Wales 2050 Calculator.
18. The UKCCC launched a Call for Evidence on Targets and Budgets between 6 July and 11 September. Stakeholder events will be held in Cardiff on 6 July and Deganwy 13 July to inform this call. We have started working on the Delivery Plan through establishing cross government working groups to develop the policies and proposals needed to achieve the first carbon budget. Over the next 18 months we will be involving our stakeholders in the development of the delivery plan.
19. I am keen to act on Public Sector Decarbonisation. During a plenary debate on 27 June I set out the ambition for the Public Sector to become carbon neutral by 2030. Although the share of emissions in the Public Sector is small, they can influence emission reduction in the wider sector as well as reducing costs. A Call for Evidence is scheduled to be published asking stakeholders about the opportunities and challenges around the ambition.
20. We continue to support Green Growth and by the end of this Government term we expect to have nearly £70 million invested in public sector energy projects. Our business case for Green Growth Wales identified the need for an investment fund capitalised with a minimum of £50 million which can continue to recycle as repayments are made. This gives us the opportunity to make around £650 million in cash savings on energy and reduce emissions by 2.5 million tonnes of CO₂ over the lifetime of the assets we fund.
21. Earlier this year I was able to announce two significant investments. £4.5 million will enable Monmouthshire County Council to build the Oak Grove Solar Farm which will generate the authority over £500,000 per annum and savings of nearly 50,000 tonnes of CO₂ over its life. In addition a £3 million loan for Flintshire County Council's LED street lighting Programme enables the Authority annual savings of £400,000 and a lifetime saving of over 25,000 tonnes of CO₂.
22. I believe a modern, efficient and reliable energy infrastructure is important for our businesses and communities and I am committed to supporting the development of new renewable energy generation. Renewable and low carbon electricity and heat form an important element of Welsh Government's approach to decarbonisation.
23. In terms of opportunities, this means supporting large energy investments in on-shore renewables, marine and nuclear, including our two largest energy investment projects, Wylfa Newydd and the proposed Swansea Bay Tidal Lagoon.
24. Wylfa Newydd has been defined as a priority for this Government term. It will help create high quality jobs as well as be important to the future of steel in Wales. The UK Government has an important responsibility not to damage confidence levels of key developers such as Horizon Nuclear Power and their Tier 1 supply chain to invest in Wales. On 24 May, Horizon launched its third stage of pre-

application consultation on its updated plans for Wylfa Newydd. We provided a full, cross-Government response to this comprehensive consultation, which closed on 22 June.

25. The UK Government also needs to fully engage with us on the development of a tidal lagoon energy industry in the UK as we have developed an extensive knowledge base to support this industry - a recognised by the Hendry Review. I recently wrote again to the Secretary of State for Business, Energy and Industrial Strategy for an up-date on the UK Government's response to Hendry and to stress the importance of full engagement with us.
26. The UK Government has confirmed it will publish its response in due course, although it has not committed to a timetable. We are finalising the draft Welsh National Marine Plan for consultation in the coming months. We need to, of course, reflect the UK Government's position on tidal lagoons as part of that consultation process.
27. We have provided Swansea Bay Tidal Lagoon with a £1.25 million commercial loan. We work closely with the company to ensure Welsh companies derive the maximum benefit possible.
28. We have also invested in the Skills Demand / Supply reports for the proposed Swansea Bay lagoon development. This investment will help position Wales to take advantage of the opportunities and become a world leader in this new industry. We have engaged with key stakeholders, such as Wales' Regional Skills Partnerships, giving them with early access to the Labour Market Intelligence reports.
29. We will set ambitious yet realistic targets for renewable energy, and we are holding a workshop to engage stakeholders with the evidence which will inform targets on 17 July. This is part of our work to develop an energy pathway to support our decarbonisation commitments and a more prosperous Wales.
30. In support of this I have written again to the UK Government to emphasise the need to support the most cost effective renewable technologies as part of their energy support mechanisms. I have committed to exploring the Committee's recommendation on an energy supply company for Wales. We have held three consultations events across Wales and will publish the outcome in due course.
31. Our local renewable energy support service continues to increase small-scale installations, with a focus on retaining the benefits in Wales. Fifteen projects have been constructed, increasing community owned generation by over 400% to 9.3MW, up from 1.7 MW at the end of 2014. We continue to press UK Government on the Contract for Difference financial regime as this currently does not provide the required assistance Wales needs to meet its renewable energy targets, including the lack of support for onshore wind and wave and tidal technologies.
32. Our work on energy innovation continues through Smart Living Wales. Progress has been made on a number of projects including a feasibility study for using mine water as an energy source for Bridgend Council's heat scheme. A

sustainable fuel workshop has been organised to help City of Cardiff develop a strategy addressing air quality and decarbonisation needs. Also, a successful “Inside smart homes and workplaces” event held in March to inform the citizens’ perspective. To date £0.35 million of Welsh Government investment has helped attract over £50 million of expertise helping two of the demonstrators in Anglesey and Bridgend.

33. Other community programmes include our highly successful flagship *Welsh Government Warm Homes* programme which has been designed to ensure economic benefits for Wales in terms of employment and business opportunities. All of the energy efficiency improvements installed under our schemes have been delivered by Wales-based SMEs.
34. Between 2011 and 2016, we have invested over £217 million in Welsh Government Warm Homes to improve the energy efficiency of over 39,000 homes of those on low incomes or living in the most deprived areas of Wales. I expect to publish 2016-17 figures later this month.
35. Last year, the Nest scheme delivered estimated average energy bill savings of over £400 per household. If these estimated savings are realised for every home improved through *Nest*, it would equate to annual energy bill savings of over £9.5 million per year. Arbed 2 has also created more than 470 jobs and delivered more than 60,000 hours of training in green technologies to existing and new employees.
36. We also recently published the findings of research on the health impacts of *Nest*. The research shows the Nest scheme is having a clear positive impact on the health of recipients with a reduction in the use of the NHS by those receiving energy efficiency measures through the scheme. These findings support our decision to extend the eligibility criteria for our new Nest scheme to include householders on low incomes who have a respiratory or circulatory condition.
37. We are making progress in tackling fuel poverty – despite the fact that some of the levers for tackling fuel poverty are not devolved. Powers over Welfare Reform and the regulation of the retail energy market rest with the UK Government. Overall fuel poverty has reduced from 29% in 2012 to 23% in 2016. This is a reduction of 6 percentage points in just four years.
38. We will also strengthen building regulations through our proposed Part L review this year. This will look at how we can control insulation values and reduce energy usage in homes.
39. In addition, we have been exploring opportunities to lever in more resources and support from energy suppliers, Local Authorities, pension funds and others, to accelerate investment across Wales to tackle fuel poverty and support our decarbonisation ambitions. We are looking at all opportunities for innovation, both in energy efficiency products and in financial models which can help support the uptake of energy efficiency improvements amongst able-to-pay households, as well as those on low incomes. I expect to be able to make an announcement on my proposals in the autumn.

40. I am committed to achieving a more circular economy in Wales and using the earth's natural resources far more efficiently. I plan to set out a route map for a more resource efficient circular economy, building on our success in recycling.
41. With a recycling rate of 60%, Wales is far ahead of all other UK nations, and within a few percentage points of being first in Europe. To put this in context, in 2015 only two nations - Slovenia and Germany - exceeded 60% recycling. Whilst three of our Local Authorities failed to meet the 58% statutory recycling target, two of that three missed by just 1%. Provisional data now shows us the Local Authority municipal recycling rate increased to 63% for the twelve months ending December 2016.
42. We are currently reviewing the Wales Waste Strategy, Towards Zero Waste. When we have completed the review we will consult on options in 2018.
43. We have also commenced preparation of the National Development Framework (NDF). The NDF will ensure the planning system supports the delivery of the Welsh Government's key objectives; setting out the national infrastructure we will need; how our regions should grow; and how the planning system nationally, regionally and locally should be aligned to provide a joined-up framework providing certainty and direction. Consultation on the main issues, options and preferred strategy for the NDF is programmed for early 2018.
44. I can also reaffirm the commitment to review Planning Policy Wales to align it with the goals of the Well-being of Future Generations Act. This review will enable local planning authorities to formulate their own local planning policies in line with the Future Generations Act and to make planning decisions which help implement them. We are currently working the document and updating policy where it is required. A consultation on the full document will take place in early 2018.
45. This financial year we will invest over £54 million (capital and revenue) to support activities and schemes to reduce flood and coastal risk across Wales. We are updating the National Strategy for Flood and Coastal Risk Management in Wales. The updated strategy will clarify roles and responsibilities, particularly around the coast, and further encourage natural flood measures and green engineering schemes. We have committed to continue funding small-scale flood risk management works, providing a simpler route for local authorities to apply for funding for schemes up to £100k.
46. This financial year we will provide £2 million for this vital grant. We are working with local authorities on plans for a £150 million capital value investment in coastal risk management with funding for construction starting from 2018-19. We are reviewing business cases submitted by local authorities and will be confirming projects to progress further shortly. We have encouraged the use of hybrid or green engineering schemes to reduce flood risk, which has worked well in places like Swansea, Pontarddulais, Colwyn Bay and Borth. The updated National Strategy will further encourage wider catchment approaches such as better rural/upland management to retain water and restoring functional floodplains.

47. Tackling agricultural pollution is essential if we are to improve water quality in Wales. Our 'Sustainable Management of Natural Resources' consultation, which I have already mentioned, considers the viability of new powers for the Welsh Ministers to, via secondary legislation, make provision for basic measures in relation to the sustainable management of natural resources. This includes measures to address cumulative impacts of low risk agricultural activities. Our Nitrate Vulnerable Zones (NVZs) consultation received a large number of responses and I hope to release the summary of responses later this summer, to be followed by my formal response.
48. In March I committed the final tranche, totalling £223 million, of the 2014-2020 Rural Development Programme to make full use of the Treasury guarantee on funding to 2020. Since the launch of the RDP programme, we have made £787 million of investment available for the benefit of communities, farmers, foresters and food businesses in Wales through the RDP 2014 - 2020. That is over 82% of the Programme.
49. When the current modification is approved the allocation for the Programme will be amended to £774.35 million of which £519.62 million is EU funding. Taking the revised future Programme allocation into account gives a commitment value of just over 100%. I recently agreed an indicative plan of future expression of interest windows to commit the remaining programme. An indicative list of the remaining windows to be opened is on the RDP part of the Welsh Government website.
50. The European Maritime and Fisheries Fund 2014-2020 (EMFF) fully opened in January 2017 and we have published detailed guidance notes. We have made good progress with a robust pipeline of projects preparing and, in a number of cases, having submitted applications. We are working closely with industry and stakeholders to stimulate and support project development. Six applications, requesting just over £600,000 in EMFF grant are currently in appraisal.

Healthy and active

51. I am eager for more to be done across Wales, from primary production through to manufacturing and food service, to develop and supply the market for healthy food and drink products. This would have both health and economy benefits.
52. Two years on from Towards Sustainable Growth: An Action Plan for the Food and Drink Industry growth has exceeded expectations at 17% to £6.1 billion in 2015 and already more than half way towards the 2020 of 30% growth target.
53. The sector generated over £337 million from exports in 2016 with over 72% to the European Union, a significant increase of over 27% from the total of £264 million exported in 2015.
54. Tackling the legacy of poor health outcomes clearly requires individuals to take greater responsibility for their lifestyles, but is also about ensuring communities live in an environment that does not cause ill health and which contains the infrastructure that enables them to take steps to improve their wellbeing.

55. We are firmly committed to improving air quality across Wales. We are tackling air pollution through Local Air Quality Management, industry regulation, the planning regime, the promotion of active travel and encouragement of other local measures associated with green space and trees. In increasing the resilience of communities it is important to reduce the health burden of air pollution. Measures to increase the uptake of low emission vehicles and rail electrification can all contribute to this. I issued new policy guidance to Local Authorities on 15 June, coinciding with Clean Air Day, to bring the local air quality management regime into line with the ways of working in the Well-being of Future Generations legislation. The Welsh Government will be issuing guidance to support health professionals with key messages on supporting Local Authorities and communicating to the public the risks of poor air quality. We will carry out an awareness-raising campaign on air quality.
56. We are analysing the Wales-specific responses to the joint UK-wide consultation on a new draft UK air quality plan. The consultation, which closed recently, included a commitment by Welsh Government us to consult on the detail of a Clean Air Zone framework for Wales. The UK plan needs to be published in its final form by the end of July.
57. I also want to ensure Wales has healthy productive animals, with a good quality of life; that people trust and have confidence in the way food is produced; and that public health is protected
58. The Wales Animal Health and Welfare Framework annual implementation plan for 2017/18 is due for publication at the end of July. Supporting this work, the Wales Animal Health and Welfare Framework Group is promoting involvement and collaboration amongst stakeholders, covering the whole spectrum of animal health and welfare issues.
59. The Welsh Government Contingency Plan for Exotic Animal Diseases which sets out the procedures processes and structures to be used in an animal disease outbreak is being reviewed to take account of lessons learned from the recent avian influenza outbreak. The experience of this outbreak clearly demonstrates the importance of robust contingency planning.
60. A core principle of the Wales Animal Health and Welfare Framework is "Prevention is better than cure". To embed this principle fully into ways of working across the industry we are working in partnership with the Wales Animal Health and Welfare Framework Group Welsh to consider active animal health planning. This links in to our continued work to raise awareness of good biosecurity practices. A small task and finish group, consisting of farmers and vets has been established to take this forward.
61. We have worked closely with stakeholders to deliver the project to simplify the current Six Day Standstill controls. The new arrangements for Quarantine Units will reduce the complexity for farmers. The amended Disease Control Order is scheduled to come into force on 11 September in order to avoid any adverse impact on the show season this year.

62. We have made significant progress over the last nine years towards our goal of a TB free Wales. We must continue our work to tackle this disease to safeguard the future of the industry and to protect public and animal health. On 20 June we published two key documents which set the tone. Our overarching document sets out our foundations, our core values and the key policies which will form the backbone of our programme for many years to come, and the Delivery Plan contains detailed measures and enhancements to be adopted on an all-Wales and regional basis.
63. The delivery plan will be a living document which will be updated as and when necessary, allowing the Programme to adapt to the changing situation. This agile way of working allows us to be reactive to new and emerging information about the disease picture and enables the swift inclusion of enhancements to reflect the latest science and learning.
64. In January I announced additional protection in Welsh waters for harbour porpoise and seabirds. Three candidate Special Areas of Conservation (SACs) for harbour porpoise were submitted to the EC as a package of five UK sites and a new Special Protection Area for red throated diver and marine extensions to two existing Marine Protected Areas (MPAs) for the protection of Manx shearwater, Atlantic puffins and terns. With the six new marine designations we now have 132 MPAs in Wales providing protection for a diverse range of habitats, species and birds supporting the sustainable use of our seas.
65. We are looking to implement a flexible management scheme for the scallop fishery in Cardigan Bay SAC and have set up a group made up of science, industry and environmental groups. We are working with lawyers towards developing new legislation.

Ambitious and learning

66. Work is continuing to bring the 2017 Agricultural Wages Order into force as soon as possible. The new Order will represent an increase to the 2016 pay levels for all categories and grades of agricultural workers. It is imperative that full and proper consideration is given to the legality of all new Statutory Instruments. Maintaining the Agricultural Minimum Wage regime and ensuring appropriate pay and conditions for agricultural workers in Wales remains a Welsh Government priority.
67. The Agricultural Advisory Panel which began its work in June 2016 will be instrumental in enhancing training and development opportunities within the sector and combating any skills shortages. A key statutory function of the independent Panel is to promote careers and skills development. The Panel's Sub-committee on Skills, Development and Training brings together experts from within the industry and academia with the intention of identifying gaps, pressures and priorities in terms of training and education and to develop a coordinated approach to retaining and enhancing skills in agriculture.
68. In addition, our Farming Connect programme is already delivering significant levels of support to the agricultural and forestry sectors in Wales to help improve their knowledge and skills and ultimately their resilience and profitability.

69. The programme is now in the beginning of its second year. As of 20 June, 7,449 businesses and over 14,500 individuals had registered for the new programme.

Lesley Griffiths AM

Cabinet Secretary for Environment and Rural Affairs

July 2017