

Written Response by the Welsh Government to the report of the Environment and Sustainability Committee: The Business Case for a Single Environment Body

May 2012

I would like to thank the Chair and members of the Environment and Sustainable Development Committee for their views and recommendations presented in the National Assembly for Wales inquiry into the business case for a single body. I have found the report useful and I would like to put on record my appreciation for the work of the Environment and Sustainability Committee in collecting the evidence and presenting the findings.

With increasing demands being placed by society on the services that our natural resources provide, one of the key challenges we face in the 21st century is to find ways of securing a healthy, resilient and productive environment which both now and in the future delivers for society as a whole, supporting employment and wellbeing.

We need to set our priorities to better meet the strategic outcomes of our European environmental obligations and to address the fundamental risks and opportunities before us rather than tackling individual symptoms in isolation. By focusing on making the best possible sustainable use of natural resources, our approach should deliver both present and future benefits for the people, the environment and the economy in Wales.

The key changes to our current regulatory and management approaches that will be required to undertake this are broadly:

- holistic management and integrated regulatory approaches that can reflect the diversity and complexity of the environment and our interdependency with it;
- identifying the best ways of working with nature to provide environmental, social and economic benefits;
- supporting adaptation by developing the habitats we need for the future;
- having a strong spatial or place-based dimension because the best use of land or water will vary hugely from place to place;
- developing partnership approaches that enable wider community engagement.

These approaches will entail weighing up and setting priorities for the many competing demands on our natural resources to provide different services to society – ranging from the intrinsic value of the environment and recreation to flood risk management, food production and land for construction. It will result in the Welsh Government taking steps at both local and national levels that will help to maximise the environmental, economic and social opportunities available to Wales as a nation. The work that we take forward to implement the Single Body proposals will embody this approach and will help us to move towards the resilient ecosystems we need to deliver the outcomes that we want.

Achieving this objective requires us to take a new look at our current arrangements, systems and processes. This needs to be clearly driven by identifying opportunities for the sustainable use of our natural resources in partnership with landowners, farmers, fishermen, businesses and local communities. The Living Wales Programme, combined with the policy development needed in support of our Sustainable Development, Environment and Planning Bills will provide an opportunity to look more objectively at how this can work in practice.

The proposal to create a single body provides an opportunity to look afresh at processes and to reduce duplication and red tape as well as simplifying and improving the regulatory environment for businesses. This was indicated in the Welsh Government's consultation document 'Natural Resources Wales – Proposed Arrangements for Establishing and Directing a New Body for the Management of Wales' Natural Resources'.

Sustainability lies at the heart of the Welsh Government's agenda and we are committed to legislate on sustainable development in our Programme for Government. I believe that the creation of a new single body will contribute directly to this commitment; it will ensure that we sustainably maintain, enhance and use our environment and natural resources for the present and future wellbeing of people in Wales.

The report by the Environment and Sustainability Committee will provide useful information to assist me in taking forward my views and I would once again like to thank the Committee for its hard work.

I have set out below my response to the recommendations in the report.

The Committee recommends that:

1. The Welsh Government ensures that the commercial acumen that exists within the Forestry Commission Wales is not lost and is mainstreamed into the work of a new body. This commercial expertise should be built upon to improve the commercial focus in all other appropriate areas of the new body's business.

Response: Accept

I agree with this recommendation and confirm that this is my intention. I want the commercial skills and knowledge that the Forestry Commission Wales staff undoubtedly have to be more widely available across the work of the new organisation.

Financial Implications:

None. This would be part of the existing operating costs transition provided for in the business case.

The Committee recommends that:

2. The Welsh Government ensures that robust arrangements are made to separate the permitting and advisory functions of a single body.

Response: Reject

The consultation paper recognised the need for separation of functions where appropriate. An example of this would be conservation advice in respect of Strategic Environmental Appraisal where the body is itself promoting a plan or project. In this case there is a potential conflict of interest which needs to be addressed. This will require a functionally separate unit within the new Single Body to deal with these matters.

More widely, we are keen to put in place arrangements which will provide the best outcomes for the environment and provide a robust and predictable service for customers. There is no conflict of interest between the role of advisor and regulator – both will have the same core duty to protect the environment as the bodies individually do now. In my view the key issues are that effective regulatory decision making should be independent of the political process; that decisions should have a lawful, transparent rationale which balances all relevant interests and, in so doing, protect the environment.

My view is that the best way of achieving this is by embedding the advisory role in the permitting process, involving the expert advisory staff from the earliest stages in the making of key decisions. This approach will also enable us to provide an improved process which is more streamlined and less time consuming.

The responses in the consultation process showed widespread support for this approach, provided that we included measures to ensure the transparency of significant decisions. Adopting this approach will mean implementing a rigorous and transparent methodology for recording the basis upon which decisions around individual permits are made

For these reasons, though I support the separation of the regulatory and operational functions of the body, I do not support the separation of advice and regulation. I therefore cannot support this recommendation from the Committee.

I will, however ask officials to consider how we best achieve transparency in these arrangements as we develop our legal proposals and design the organisational structures.

Financial Implications:

None. Any additional administrative costs will be drawn from existing programme budgets.

The Committee recommends that:

3. The Welsh Government ensures that there is no weakening of performance or reduction in the quality of service delivered by the three existing bodies during the transition period.

Response: Accept

We must recognise that there is a need for some staff drawn from the bodies to be involved with transitional work, bringing their expertise and knowledge to discussions.

However by comparison with the total work of the bodies in Wales, this remains a small percentage – less than 3% of the total. At the present time I believe this is manageable without a significant weakening of core work and performance. I have approved for each of the bodies an agreed list of activities which must be maintained during the transition period and my officials will be monitoring the bodies' performance. I have also asked the bodies to advise me of any significant difficulties arising in the transitional period.

Financial Implications:

None. Any additional administrative costs will be drawn from existing programme budgets.

The Committee recommends that:

4. The Welsh Government ensures that the pathway to creating a new and coherent organisational culture from the merger of three organisations with different cultures is clearly set out and the practical outcomes for stakeholders of this significant institutional change are clearly articulated.

Response: Accept

Work has already begun to address these matters and I expect the Chief Executive and Board of the new Single Body to be active in leading this change.

Financial Implications:

None. Any costs will be drawn from existing programme budgets.

**John Griffiths,
Minister for Environment and Sustainable Development**