



Cynulliad Cenedlaethol Cymru **The National Assembly for Wales**

Y Pwyllgor Amgylchedd a Chynaliadwyedd **The Environment and Sustainability Committee**

Dydd Iau, 26 Ionawr 2012
Thursday, 26 January 2012

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Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynndi yn y pwyllgor. Yn ogystal,
cynhwysir cyfieithiad Saesneg o gyfraniadau yn y Gymraeg.

These proceedings are reported in the language in which they were spoken in the committee.
In addition, an English translation of Welsh speeches is included.

Aelodau'r pwyllgor yn bresennol **Committee members in attendance**

Mick Antoniw	Llafur Labour
Yr Arglwydd/Lord Elis-Thomas	Plaid Cymru (Cadeirydd y Pwyllgor) The Party of Wales (Committee Chair)
Rebecca Evans	Llafur Labour
Russell George	Ceidwadwyr Cymreig Welsh Conservatives

Vaughan Gething	Llafur Labour
Llyr Huws Gruffydd	Plaid Cymru The Party of Wales
Julie James	Llafur Labour
William Powell	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
David Rees	Llafur Labour
Antoinette Sandbach	Ceidwadwyr Cymreig Welsh Conservatives

**Eraill yn bresennol
Others in attendance**

Nigel Annett	Rheolwr Gyfarwyddwr, Dŵr Cymru Managing Director, Dŵr Cymru
Aled Davies	Pennaeth Gwasanaeth Rheoleiddio (Cynllunio, Trafnidiaeth a Gwarchod y Cyhoedd), Cyngor Gwynedd Head of Regulatory Service (Planning, Transportation and Public Protection), Gwynedd Council
Keith Davies	Pennaeth Cynllunio Strategol, Cyngor Cefn Gwlad Cymru Head of Strategic Planning, Countryside Council for Wales
Louise Fradd	Cyfarwyddwr Strategol yr Amgylchedd, Cyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr Strategic Director for the Environment, Bridgend County Borough Council
Tony Harrington	Cyfarwyddwr yr Amgylchedd, Dŵr Cymru Director for Environment, Dŵr Cymru
Mike Harvey	Cyfarwyddwr, Planhigfeydd Coedwig Maelor Cyf. Director, Maelor Forest Nurseries Ltd
Jon Owen Jones	Cadeirydd, Comisiwn Coedwigaeth Cymru Chair, Forestry Commission Wales
Alice MacLeod	Rheolwr Technegol, Planhigfeydd Coedwig Maelor Cyf. Technical Manager, Maelor Forest Nurseries Ltd
Kath McNulty	Rheolwr Cenedlaethol Cymru, Cydffederasiwn Diwydiannau Coedwigoedd National Manager for Wales, Confederation of Forest Industries (Confor)
Craig Mitchell	Swyddog Polisi, Cymdeithas Llywodraeth Leol Cymru Policy Officer, Welsh Local Government Association
Trefor Owen	Cyfarwyddwr, Comisiwn Coedwigaeth Cymru Director, Forestry Commission Wales
Morgan Parry	Cadeirydd, Cyngor Cefn Gwlad Cymru Chair, Countryside Council for Wales
Aneurin Phillips	Prif Weithredwr, Awdurdod y Parciau Cenedlaethol Chief Executive, Snowdonia National Park Authority
Emyr Williams,	Cyfarwyddwr Rheoli Tir, Awdurdod y Parciau Cenedlaethol Director of Land Management, Snowdonia National Park Authority

**Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance**

Catherine Hunt	Dirprwy Glerc Deputy Clerk
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Nia Seaton

Gwasanaeth Ymchwil
Research Service

Marc Wyn-Jones

Clerc
Clerk

*Dechreuodd y cyfarfod am 1 p.m.
The meeting began at 1 p.m.*

Cyflwyniad, Ymddiheuriadau a Dirprwyon Introductions, Apologies and Substitutions

[1] **Yr Arglwydd Elis-Thomas:** Lord Elis-Thomas: Good afternoon. It is my pleasure to announce that this next session of the inquiry is about to start. We have apologies from Julie James and Russell George. Welcome to Gwyn Price.

[2] It is good to see you with us and you are welcome anytime.

1.00 p.m.

Ymchwiliad i'r Achos Busnes dros Un Corff Amgylcheddol—Tystiolaeth Lafar Inquiry into the Business Case for the Single Environmental Body—Oral Evidence

[3] **Yr Arglwydd Elis-Thomas:** Croeso i gadeirydd a phennaeth cynllunio strategol Cyngor Cefn Gwlad Cymru. Morgan Parry a Keith Davies, diolch am ymuno â ni.

Lord Elis-Thomas: Welcome to the chair and the head of strategic planning for the Countryside Council for Wales. Morgan Parry and Keith Davies, thank you for joining us.

[4] Fe ddechreuaf gyda chwestiwn gwirion er mwyn cychwyn y gweithgareddau. Onid ydych yn teimlo ein bod yn rhoi'r drol o flaen y ceffyl wrth astudio'r achos busnes sydd ger ein bron tra bod y beibl mawr yn cael ei gyhoeddi ddydd Llun? A yw hwnnw'n ddehongliad cywir? Beth yw'r berthynas rhwng y ddau yn eich golwg chi?

I will begin with a silly question to kick off the proceedings. Do you not feel that we are putting the cart before the horse in studying the business case that is before us when the bible is to be published on Monday? Is that an accurate reading of the situation? What is the relationship between the two in your opinion?

[5] **Mr Parry:** Diolch am y gwahoddiad i fod yma. Rydym yn croesawu'n fawr y ffaith eich bod yn cymryd sylw manwl o'r hyn sydd o'n blaenau. Mae'r datblygiadau o ran y corff newydd a'r fframwaith newydd yn hynod o bwysig. Petaech wedi gofyn y cwestiwn imi flwyddyn yn ôl, byddwn wedi tueddu i gytuno oherwydd mewn byd perffaith mae hi bob tro yn well cael rôl glir o'ch blaen cyn ailstrwythuro. Fodd bynnag, credaf fod y penderfyniad yn un cywir. Roedd rhesymau da iawn dros symud yn sydyn gyda chreu'r corff newydd. Bellach,

Mr Parry: Thank you for the invitation to be here. We welcome the fact that you are paying close attention to what lies ahead for us. The developments with the new body and new framework are extremely important. If you had asked me that question a year ago, I would have tended to agree because in a perfect world it is always better to have a clear role in front of you before restructuring. However, I believe that the decision was the right one. There were very good reasons for moving quickly with the creation of the new body. The decision has since been made and I

mae'r penderfyniad wedi'i wneud ac rwyf o'r farn bod angen mynd amdani a chwblhau'r gwaith o fewn yr amser sydd wedi'i bennu. Mae tipyn o waith i'w wneud, nifer o benderfyniadau, llawer o drafod, a llawer o bethau i'w trefnu. Credaf fod hynny'n iawn. Mae yna rywffaint o ddod at ei gilydd. Mae'r grwpiau sy'n gweithio ar y ddwy raglen bellach yn gweithio fel un. Rwy'n hapus bod y dogfennau sy'n ymddangos yn creu digon o gyswllt rhwng y ddwy broses fel ein bod yn gallu gweithio gyda'r ddau beth mewn golwg ar yr un pryd.

[6] **Yr Arglwydd Elis-Thomas:** A fydd y fframwaith, pan gaiff ei gyhoeddi yn ei ffurf derfynol, yn goleuo'r cyfan sydd ger ein bron yn yr achos busnes ac yn gosod y genhadaeth ar gyfer y corff newydd?

[7] **Mr Parry:** Bydd. Yr hyn sy'n bwysig yw ei fod yn ein hatgoffa mai creu corff newydd yr ydym yn hytrach nag uno tri chorff. Mae yna wahaniaeth mawr rhwng y ddau. Mae'n gyfle i wneud pethau yn well ac o'r newydd, yn hytrach na threulio blynyddoedd yn ceisio gludo tri chorff at ei gilydd. Mae angen dechrau o'r newydd. Bydd yn rhaid parhau gyda'r cyfrifoldebau sydd gennym o dan wahanol ddarnau o ddeddfwriaeth tan iddynt gael eu newid. I raddau, bydd busnes yn parhau fel arfer. Ond, bydd diwylliant y corff newydd yn cael ei greu o'r newydd. Croesawaf hynny yn fawr iawn.

[8] **Antoinette Sandbach:** I know, certainly in relation to—[*Inaudible.*]

[9] **Mr Parry:** Regional north Wales director—

[10] **Antoinette Sandbach:** North Wales director—[*Inaudible.*]

[11] **Mr Parry:** Yes, there is clearly some risk of disruption, but as I said in my answer to the Chair's earlier question, having a shorter target time to achieve the creation of the new body means that the disruption is kept to a minimum. I agree that relationships are key. The Countryside Council for Wales, through its audit and risk committee, looked at this very issue a couple of months ago and agreed that this was a risk that had increased, but we have also put in place measures to ensure that it is kept to a minimum. However, I agree that the new body very much needs to be public-facing; it needs to face partners and stakeholders, particularly in the business sector, and good relationships need to be nurtured, particularly with bodies in the fishing industry and so on, who are not often in Cardiff. You meet them out on boats and in various places. Those relationships are difficult to sustain, and there is a certain pride in all three bodies that we have, in most cases, built up good relationships with our stakeholders. It is critical that they are secured in the new body. Inevitably, however, senior people will be moved temporarily or permanently into different posts, and that will be

am of the opinion that we need to go for it and complete the work within the timetable that has been set. There is a lot of work to do, a number of decisions, many discussions, and lots of things to arrange. I think that is fine. There is some coming together. The groups that are working on the two programmes are now working as one. I am content that the documents that appear create sufficient links between the two processes so that we can work with both things in mind at the same time.

Lord Elis-Thomas: Will the framework, once it is published in its final form, enlighten all that is before us in the business case and set the mission for the new body?

Mr Parry: It will. It is important that it reminds us that we are creating a new body, rather than merging three bodies. There is a big difference between the two. It is an opportunity to do things better and anew, rather than having to spend years trying to stick three bodies together. We need to start afresh. We will have to continue with the responsibilities that we have under various pieces of legislation until they are changed. To some extent, business will continue as usual. However, the culture of the new body will be created anew. I welcome that very much.

a key issue to look out for in the coming months.

[12] **Antoinette Sandbach:** Clearly, that is happening already—*[Inaudible.]* Mr Parry, you described your role in the Countryside Council for Wales—*[Inaudible.]*—of Government policy. There are some concerns that, for example—*[Inaudible.]*

[13] **Mr Parry:** That is a reasonable description of part of the work of the organisation, yes.

[14] **Antoinette Sandbach:** There is concern, for example, that research and development in the scientific field—*[Inaudible.]*—and other areas of scientific expertise—*[Inaudible.]*—will be lost. Has that—*[Inaudible.]*

[15] **Mr Parry:** May I split my answer to that in two, because I would like to give my colleague Keith Davies an opportunity to answer it in the context of Wales? In the context of the UK, the Joint Nature Conservation Committee was set up at the time of the creation of CCW, recognising that certain issues were best dealt with at UK level. Research into forest disease is a separate matter to that, but it is a similar issue in that, in many cases, it is not worth investing in the specialist expertise in Wales. We may desire to do that in some cases, but in others, it makes more sense to work at a UK level, particularly where there is an interface with the European Commission or into Europe. I think that that is still required, and I regularly raise at JNCC meetings the need for that body to adapt and to take account of new political realities and the changing landscape of environmental thinking. It may be a bit slow to do so, but in the documents that are coming through from the Welsh Government, there is a clear recognition that this is part of the thinking that needs to happen as to what is reserved at a UK level.

[16] **Antoinette Sandbach:** So, where do you—*[Inaudible.]*

[17] **Mr Parry:** I cannot put a figure on that. Maybe I can pass over to Keith who has been a bit more involved in the drawing up of the business case than I have—

[18] **Yr Arglwydd Elis-Thomas:** Mae'n ddrwg gennyf dorri ar eich traws, ond mae anawsterau technegol gyda'r system feicroffonau yn yr ystafell hon, felly bydd yn rhaid inni oedi am ryw bum munud. Mae meicroffonau'r tystion wedi bod yn gweithio, rwy'n credu, felly nid yw eich geiriau wedi mynd ar goll, ond nid yw gweddill y meicroffonau yn gweithio. Mae'n ddrwg gennyf; mae hwn i fod yn adeilad effeithlon a chyhoeddus, ond gwnawn oedi i'r gwaith hwnnw gael ei wneud. Fel maent yn dweud yn yr ysgol pan fydd pethau fel hyn yn digwydd: siaradwch ymhlith eich gilydd a bihafiwch. *[Chwerthin.]*

Lord Elis-Thomas: I apologise for interrupting you, but there are difficulties with the microphones in this room, therefore, we will have to delay proceedings for five minutes or so. The witnesses' microphones have been working, I believe, so your contributions will not have been lost, but the other microphones are not working. I apologise; this is supposed to be an efficient public building, but we will take a break for that work to be carried out. As they say in school when such things happen: talk amongst yourselves and behave. *[Laughter.]*

*Gohiriwyd y cyfarfod rhwng 1.09 p.m. ac 1.22 p.m.
The meeting adjourned between 1.09 p.m. and 1.22 p.m.*

[19] **Yr Arglwydd Elis-Thomas:** **Lord Elis-Thomas:** We will restart with Ailddechrewn gyda Keith Davies, a oedd ar Keith Davies, who was in the middle of ganol gwneud datganiad ystyrlon. making a considered statement.

[20] **Mr K. Davies:** In response to your question, as far as the business case was concerned, I know that continuation of service and service from outside Wales for the new body was a key component of the business case and the justification for setting up the new body. I cannot give you a precise figure with regard to the question that you asked, but we can come back to you with the point of detail in the business case.

[21] The other issue is that setting up a single environment body provides a strategic opportunity to co-ordinate the research, science and evidence base that Wales requires within the context of the Welsh Government's framework. I am sure that that would provide an effective strategic way of brigading the resources that we have to deliver the priorities and outcomes that Wales will require. Also, having the strategic framework for evidence and research will enable Wales, via the Welsh Government and the new body, to tap into, for example, the research programmes of organisations such as the Department for Environment, Food and Rural Affairs and research councils in the UK. That provides Wales with a potentially powerful influence with regard to the wider research agenda in the UK.

[22] **Antoinette Sandbach:** Where is the costing for that in the business case? That was the question that I asked you. You could write to us, if you are happy to do that.

[23] Perhaps you can deal with the question that I also put to Chris Mills regarding the difference between option 2, which is the merger of CCW and Environment Agency Wales, and option 4, which includes the Forestry Commission. A large bulk of those savings—£17 million of them—is identified from the merger that includes the Forestry Commission. That is the difference in figures. This is in line 6 of the tables that are included. From a CCW point of view, where do you see those savings coming from? When they talk about an operational field workforce, including reserve forest and asset management, does that mean operational people out on the ground, which is £17 million-worth of people power or employed people being lost and, if so, how is the new body going to deliver its forestry programme?

[24] **Mr K. Davies:** That is a very specific question within a large business case. I would not want to mislead the committee in responding to that. So, again, perhaps we can come back to you after today with the detail on that.

[25] **Antoinette Sandbach:** Were you involved in the business case discussions? Were you part of the team that helped to draw it up?

[26] **Mr K. Davies:** I was not part of that specific work stream. I was part of elements of the programme. However, my main involvement with the case for a single environment body and the natural environment framework has been on the natural environment framework side.

[27] **Antoinette Sandbach:** In that case, perhaps I can ask a different question. The evidence given by CCW included the following statement:

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

[29] The NEF has not been published yet. There has been no public consultation on it yet. In effect, is that consultation a sham, given that this has already been set up and given that there are outcomes described as being in the NEF prior to any consultation and any consideration of any of the responses that may or may not be given?

[30] **Mr Parry:** You are quite right to say that the consultation on the Green Paper does not begin until next week. However, there was a consultation a year ago that looked at the idea of a natural environment framework. The views have come in on that and, although what we are trying to do with the natural environment framework and the Green Paper is to create a

Welsh framework, it is part of international thinking. So, the theory of ecosystems and their services is reasonably well developed. There is a fair body of information on what that means. So, although I take your point that the consultation on the actual proposals from Government has not begun, the theoretical framework has been looked at, and there has been plenty of comment and discussion around that.

[31] **Antoinette Sandbach:** Who were the consultees involved in that?

[32] **Mr Parry:** There was a wide range of consultees. Many private sector bodies, public sector agencies, individuals and scientific organisations responded.

[33] **Antoinette Sandbach:** Is it possible that we could know who responded to the consultation?

[34] **Lord Elis-Thomas:** This was a Welsh Government consultation, was it not?

[35] **Mr Parry:** Yes, you can ask the Welsh Government to provide you with a full list of those who were engaged and the list of consultees.

[36] **Lord Elis-Thomas:** We have all of that information.

[37] **Antoinette Sandbach:** Okay.

[38] **Gwyn R. Price:** Good afternoon to you both. The business case identifies a number of limitations associated with the current environmental delivery bodies in Wales, including the Countryside Council for Wales. Do you agree with the limitations identified? Can you illustrate these being addressed by a single environment body or could these be addressed by one or other of the options considered?

[39] **Mr Parry:** I will attempt a general answer and leave Keith to fill in the detail with some examples. The business case examined all the different options, and it is important to remember that the financial case is an important one, but that there are other considerations with regard to moving towards more integrated land and sea management of our environment in Wales. From those points of view, the arguments are compelling. Having the ability to have clear and single unified objectives for a body that is advising and delivering on behalf of Government is a strong argument at this time, given the changing relationships between the Welsh Government and the UK Government. Given the different philosophies and the different political agendas, it is the right time to be bringing this together in one place in Wales.

[40] The financial arguments are equally important. If the business case did not stack up financially, it would not be adopted by the Government. However, I am very enthusiastic that this is the right thing to be doing at this time.

1.30 p.m.

[41] As it is set out, the business case clearly raises a lot of questions about how the different bodies' current functions will be carried out under the new body. There is still plenty of work to be done on that, and I am sure that there will be a lot of thinking about how teams are put together to ensure continuity of service and delivery to partners, so that the relationships with local authorities and those sorts of things are worked through fully. Maybe Keith can come up with some examples of why the proposals for the single environment body address many of your concerns.

[42] **Mr K. Davies:** I will go back to Morgan's original point: we are setting up a new

body; not merging three existing ones. Setting up the new body is in the context of refreshing the legislative and policy frameworks in Wales, which the Green Paper will address. We are not looking at how the system and the body delivers for the current situation alone; we are also looking at how the new body will enable Wales to meet the challenges of the next 20 to 30 years. There is a longer-term perspective, and having a single body to provide a clear set of evidence on environmental outcomes linked in to socioeconomic outcomes, providing a single point of contact for stakeholders and businesses, will ensure that we can have a resilient future environment and also a resilient economy in future.

[43] **Llyr Huws Gruffydd:** Rydych wedi ailadrodd, i raddau, y pwynt mai creu corff newydd yw'r pwyslais yn hytrach na dod â thri chorff ynghyd. Roeddech chi, Morgan, yn defnyddio'r gair 'diwylliant' ar y dechrau—hynny yw, bod angen rhyw weledigaeth gyffredin o safbwynt y diwylliant a fydd yn perthyn i'r corff. Fel lleygwr, mae'n ymddangos i mi fod diwylliannau gwahanol iawn yn y tri chorff presennol. A roddwyd unrhyw ystyriaeth i hynny yn y trafodaethau ar y cynllun busnes?

Llyr Huws Gruffydd: You repeated the point to some extent that the emphasis is on the creation of a new body rather than on bringing three bodies together. Morgan, you used the word 'culture' at the beginning—that is, that a common vision of some sort is needed for the culture that will run through that body. As a layman, it seems to me that the three bodies currently in existence have very distinct cultures. Was any consideration given to that when the business plan was discussed?

[44] **Mr Parry:** Roedd teimlad bod hwn yn fater i'r corff cysgodol. Bydd penodiadau'n cael eu gwneud dros y misoedd nesaf fel y bydd pobl yn eu swyddi ac yn barod i gymryd cyfrifoldeb am y corff newydd fel aelodau bwrdd, prif weithredwr ac uwch-swyddogion. Y bobl hynny a fydd yn gyfrifol dros y flwyddyn nesaf am sicrhau bod diwylliant y corff newydd yn addas i'r gwaith y bydd yn ei wneud.

Mr Parry: There was a feeling that this was a matter for the shadow body. Appointments will be made over the coming months so that people will be in place and ready to take responsibility for the new bodies as board members, chief executive and senior officials. They will be responsible over the coming year for ensuring that the new body's culture is suited to its role.

[45] Mae'n bwnc pwysig. Sut mae ei gynnwys mewn cynllun busnes? Nid wyf yn gwybod. Sut mae mesur diwylliant? Mae'n rhywbeth sy'n gallu bod yn wrthrychol iawn, onid yw?

It is an important subject. How is it to be included in the business plan? I do not know. How does one measure culture? It can be so subjective, can it not?

[46] Mae hefyd yn fater i sylw cyhoeddus, ac nid i'r rhai sy'n gweithio i'r corff yn unig. Mae angen clywed ymateb a barn rhai o'r tu allan. Darllenais â diddordeb mawr gyfraniad CLILC i'ch pwyllgor, ac mae wedi codi'r syniad bod angen i'r corff newydd weithio'n lleol a deall y cymunedau, gan weithio'n agos gyda'r cynghorau lleol a chael diwylliant sy'n agored i drafod. Dros y flwyddyn nesaf, wrth i'r corff gael ei sefydlu, efallai fod angen meddwl a oes angen cynrychiolaeth gymunedol neu gynrychiolaeth y rhai a reoleiddir, y rhai sy'n derbyn grantiau, y rhai y dylanwadir arnynt neu'r rhai sy'n cael cyngor gan y corff newydd hwn, ar y byrddau neu'r pwyllgorau a fydd yn ei redeg. Mae

It is also a matter for public attention, rather than for those who work in the body alone. The responses and opinions of those outside need to be heard. I read with great interest the WLGA's contribution to the committee, and it brought up the idea that the new body needs to work locally and understand communities, working closely with the local councils, adopting a culture that is open to debate. Perhaps there is a need over the coming year, as the body is set up, to think about whether community representation is needed, or representation by those who are in receipt of grants or are influenced or advised by this new body, on the boards or committees that will steer it. That is an

honno'n drafodaeth bwysig iawn. Nid wyf wedi ffurfio barn bersonol ar hynny eto, ond mae'n bwysig, ac mae angen rhoi sylw eang iddo.

[47] Yn hyn o beth, rydym am y tro cyntaf erioed yn creu corff dan ddeddfwriaeth Cymru a chanddo bwerau sy'n cael eu trosglwyddo iddo o Lywodraeth Cymru. Nid yw hyn wedi digwydd o'r blaen, ac mae hyn yn gyfle gwych i greu rhywbeth perthnasol ac addas i'r Gymru gyfoes.

[48] **Llyr Huws Gruffydd:** Diolch am hynny. Derbyniaf fod yr holl drafodaeth am ddiwylliant y corff efallai yn rhywbeth haniaethol ar hyn o bryd, ond o safbwynt y weledigaeth gyffredin—mae cyfeiriad, wrth gwrs, at y fframwaith amgylchedd naturiol, ac yn y blaen, ac rwyf yn siŵr y bydd hwnnw'n ganolog—a ydych yn hapus eich bod wedi cael trafodaeth drylwyr ynglŷn â chreu gweledigaeth gyffredin i'r corff newydd?

[49] **Mr K. Davies:** Ydw. Mae'r broses o lunio'r cynllun busnes ynddo'i hun wedi bod yn gam i'r cyfeiriad hwnnw. Mae'r tri chorff a'r Llywodraeth yn cydweithio i edrych yn fanwl ar yr opsiynau a dod i gasgliadau ynglŷn â'r cynllun busnes. Yn amlwg, mae'r Llywodraeth a'r tri chorff wedi bod yn rhan o'r broses o lunio'r fframwaith ar gyfer yr amgylchedd naturiol. Credaf fod cyfle gwych i gael cyd-ddealltwriaeth o ddiwylliant fydd yn berthnasol i'r corff newydd—diwylliant fydd yn edrych ymlaen, o bosibl, yn hytrach na cheisio cadw'r hyn sydd gennym yn awr.

[50] **Llyr Huws Gruffydd:** Pa ystyriaeth sydd wedi cael ei roi i ddangysyddion perfformiad ar gyfer y corff newydd?

[51] **Mr Parry:** Roedd datblygu'r tabl, sy'n rhan ganolog o'r cynllun busnes, yn broses ddiddorol—ac rwyf yn siarad fel rhywun nad oedd yn rhan o'r grwpiau roedd y staff yn ymwneud â hwy, ond, o dro i dro, roedd y grŵp a oedd yn craffu ar y broses yn cael cyfle i'w gweld. Roedd yn ddiddorol gweld bod y cyrff yn cytuno ynglŷn â beth fyddai'n dangos bod y corff newydd yn llwyddo ai peidio ac yn codi uwchben y manylion a'r manion, fel petai, ac edrych ar

important discussion. I have not formed a personal opinion on the matter yet, but it is important, and it requires wider attention.

In this regard, we are for the first time ever creating under Welsh legislation a body that will have powers transferred to it from the Welsh Government. This is unprecedented, and it is an opportunity to create something relevant and appropriate for modern Wales.

Llyr Huws Gruffydd: Thank you for that. I accept that the debate about the body's culture is perhaps rather abstract at the moment, but from the perspective of the overall vision—there is a reference, of course, to the natural environment framework, and so on, and I am sure that that will be central—are you happy that you have had a thorough discussion about creating a common vision for the new body?

Mr K. Davies: Yes, I am. The process of drawing up the business plan has in itself been a step in that direction. The three bodies and the Government are collaborating to look in detail at the options and to reach conclusions regarding the business plan. Clearly, the Government and the three bodies have been involved in the process of drawing up the natural environment framework. There is a great opportunity to get a mutual understanding of the culture that should be adopted by the new body—a culture that will look forward, perhaps, rather than trying to keep what we have now.

Llyr Huws Gruffydd: What consideration was given to performance indicators for the new body?

Mr Parry: The development of the table, which is a central part of the business plan, was an interesting process—and I speak as someone who was not part of the groups with which staff were involved, but, from time to time, the group scrutinising the process had the opportunity to see them. It was interesting to see that the bodies agreed on what would demonstrate success for the new body and rose above the details and minor points, as it were, and looked at the wider objectives in

yr amcanion ehangach o ran sut y byddwn yn gwybod a oedd y corff yn llwyddo. Roedd yn syndod faint o gytundeb oedd ar hynny. Sylwais fod y cyrff yn cyfrannu at nifer o agweddau gwahanol, er enghraifft, mynediad at gefn gwlad. Roedd y Comisiwn Coedwigaeth a ninnau yn flaengar iawn yn maes hwn, ac roeddwn yn gweld bod y nod o gynnwys pobl a dehongli i'w wneud yn haws i bobl i fwynhau cefn gwlad yn mynd i fod yn bwysig a byddai'n ystyriaeth bwysig o ran mesur a oedd y corff yn llwyddo ai peidio. Felly, ar gyfer nifer o feysydd—o'r agweddau caled fel rheoleiddio i'r rhai sy'n cynnwys pobl a'u cymunedau—roedd trafodaeth ddiddorol iawn. Drwy'r broses honno, rwyf yn ffyddiog y bydd cytundeb ar ddiwylliant y corff newydd.

terms of how we would know whether the body was a success. It was surprising how much agreement there was on that. I noticed that the bodies contributed to many different aspects, for example, providing access to the countryside. Both we and the Forestry Commission have done a lot of work in this area, and we saw the aim of involving people and providing interpretation to make it easier for people to enjoy the countryside will be important and an important consideration in measuring the success of the new body. So, for a number of areas—from the harder aspects such as regulation to those involving people and their communities—there was a very interesting discussion. Through that process, I am confident that there will be agreement on the culture of the new body.

[52] **Llyr Huws Gruffydd:** Roedd gennyf un gwestiwn arall, ond mae wedi mynd. Roeddwn yn mynd i gyfeirio at rywbeth a ddywedodd Chris Mills, ond nid wyf yn cofio beth oeddwn yn mynd i gyfeirio ato. Rwyf yn ymddiheuro; gofynnaf eich caniatad chi i ddod yn ôl, er, efallai, ni fyddaf yn haeddu'r cyfle.

Llyr Huws Gruffydd: I had one more question, but it has gone. I was going to refer to something that Chris Mills said, but I do not remember what I was going to refer to. I apologise; I ask your permission to come back on this point, even though I may not deserve that opportunity.

[53] **Yr Arglwydd Elis-Thomas:** Rwyf yn parchu y 'munudau hŷn' hynny.

Lord Elis-Thomas: I respect those 'senior moments'.

[54] **Mick Antoniw:** We will be having a task and finish group of the Health and Social Care Committee on Alzheimer's, so we will work on that another time.

[55] **Lord Elis-Thomas:** That is not really in very good taste; just carry on, please.

[56] **Mick Antoniw:** I will withdraw it.

[57] I would like to comment on the relationship with the UK. Obviously, there is a lot of cross-border work and there is a relationship with your counterparts in the rest of the UK. Some evidence has suggested that there is concern about a loss of funding. That is, to some extent, we have been gaining the benefit of a considerable amount of research and specialist work that has been going on, the responsibility for which has been borne by the UK. There are concerns about what might happen to that. Would you expand a little on that, because it is an area that seems to have been pushed to one side? It appears to have been left to chance as to where it is going.

[58] **Mr Parry:** Once again, we would have to look at the figures and come back to you to illustrate how much money goes out of Wales to buy in specialist expertise. However, as you said, money also goes the other way, which could be seen as a subsidy. On balance, the business case demonstrates that, at the moment, we are spending more money than we need to in order to be a part of England and Wales, or GB, organisations. That is a generalisation, and it would need to be backed up by figures, so we will come back to you on that one. On the issue of the expertise that is there—and clearly Wales has expertise in some cases and is a centre of excellence for a number of the functions of the organisations that operate outside

Wales—the critical thing for me is that we have access to that expertise continually, and this creating of a new body does not exclude us from access to expertise on nuclear decommissioning, forest health, or any of these other issues where maybe the expertise is located elsewhere. The arrangement needs to be put in place now for us to be joint owners of that expertise, rather than buying it in at a commercial level. That is a point that I made in an earlier committee meeting, but I think that it is increasingly the case. However, one of the difficulties is that this issue looks different if you are in England, because from Wales we are now looking to move rapidly with the natural environment framework, and we have a timetable for creating this new body, but from England there is no such timetable driving change, and it would probably not see the need to make any changes to the current arrangements. We have to work with colleagues in England, Scotland and Northern Ireland to get their support for any changes that need to be put in place, and I argue quite strongly that Joint Nature Conservation Committee type arrangements have served Wales very well, and would be a good model for continuing access to UK work, particularly in the field of scientific research.

[59] **Lord Elis-Thomas:** It might be a good model for the United Kingdom generally, but that is beyond our remit in this committee.

[60] **Mick Antoniw:** It seems to me that there is an opportunity—although there are clear risks in any adventure of this type—to bring Wales into the bigger UK circle of science and research in this field. Perhaps you could let me know whether you think that that is right. A lot of the work in the specialist field was developed with some of the Welsh universities, but to some extent they seem to have been sidelined as a result of the current structure. So there may now be an opportunity to give a much greater focus to what they are doing.

[61] **Mr Parry:** Indeed, and I think that we have led the way in a number of different areas. The mapping of the sea-bed and coastal habitats is one example, but Keith will have others, I am sure.

[62] **Mr K. Davies:** Another example is the work with Aberystwyth University on innovation in remote sensing. Coming back to a previous comment that I made, setting up a new body working within a strategic framework for Wales provides strategic opportunities for research institutions in Wales, but also for Wales to tap into the research programmes of the Department for Environment, Food and Rural Affairs and the Natural Environment Research Council. They provide significant funding opportunities to take forward strategic work areas.

[63] **Mick Antoniw:** In terms of the areas that may be at risk, you refer to some of the DEFRA funding, and so on. Do you know whether—tell me if this is outside your remit or knowledge—there have actually been cross-organisational discussions on how future funding might work, or how those areas of research might develop with the changes proposed to take place in Wales?

[64] **Mr K. Davies:** There have been initial discussions in terms of how Wales and the body will need to organise and plan research programmes, both to inform the work of Government and the work of the new body, and then how best to secure those funds either within Wales or by tapping into other available funding and support.

[65] **William Powell:** You spoke earlier of the importance of securing buy-in, commitment and involvement from communities, local authorities and other bodies, and that gave me cause to think about the wider governance of the new body, and whether there might be a case for safeguarding public involvement and understanding of the work by including representation from particular forms of local government. Indeed, at a time when we are looking at a greater emphasis on the transparency of such bodies, there might even be a case for an element of direct election to the body that will oversee the work of the single

environment body, if it goes forward, which has been the case with the Scottish national parks authorities. The English national parks authorities have an element of such representation, but I wondered, at a time when we are looking at that coming into other relevant areas, whether that might have a role to play.

1.45 p.m.

[66] **Mr Parry:** It is an important question. National park authorities have a planning remit, so the reason for having directly elected members is quite strong and established. There would be some difficulties in having, from the point of view of the Government Minister responsible for the body, elected people who were advising. It is a different arrangement. In terms of the governing body, the council if you like, which is the body that is currently being proposed, it does not mean that local boards or committees cannot have people nominated or elected to them.

[67] I remember the Environment Agency having local area boards, which had representations on them from different sectors: the regulated industries, the local authorities and non-governmental organisations. Their views were not given a mandate to change the strategy of the organisation, but the views were heard. It was a good way of understanding concerns and facilitating dialogue so it had the appearance of a listening organisation. There are some lessons that we could learn, and there are models out there for how we could include people more in advisory groups. I think that part of the work of the shadow board as it comes in will be to think about how that happens. I am sure that the officials who are working in the various groups are also thinking this through as well. That is critical for presenting a public face for the organisation that wins public support. We need public support for the environment. The way to do that is to be seen to be responsive and accessible.

[68] **William Powell:** Maybe another point would be that, while we have seen the difficulties that sometimes come with broadcasting and webcasting and so on in our session today, generally speaking, there is a big following for that and, across Wales, there is an increasing expectation of openness and accessibility of information. I would suggest that there is a case for looking at starting off with that sort of principle built in to the governance. I have one other short question in relation to the work that is currently done on behalf of CCW and other bodies through other organisations, such as third sector organisations, wildlife trusts and so on. An important aspect of the work is delivered in that way. Do you see that work in any way being jeopardised or changed by having a fresh body to deliver that programme of work?

[69] **Mr Parry:** No. One of the success stories, certainly, of the Countryside Council for Wales is the ability to work with partners for much of the conservation work that is done at a grass-roots level. It is interesting to look at the work that organisations such as the British Trust for Ornithology do with regard to this concept of 'citizen science'. The scientific work is not just confined to professional staff in NGOs who are experts in their field, but ordinary citizens are involved in collecting information about the environment. That is a very strong element that we need to develop. I would hope, and I do not detect that the Minister feels differently about this, that the involvement of partner organisations, be they local authorities and their diversity officers, footpaths officers or NGOs and many other organisations, continues to be seen as critical to success. A Government agency cannot do it all itself. The discussion over the border in England was about the extent to which the functions and the responsibilities are transferred. There is the whole discussion around the big society. I am not sure that has particular resonance, because, in Wales, community organisations and NGOs have always had a strong role to play. However, I think that this is an important discussion, and it should not be thought that everything that happens in the environment is done through professional institutions and Government agencies. The third sector is hugely important.

[70] **Rebecca Evans:** We are yet to discuss the grant-giving functions of the various

bodies. What discussions took place during the development of the business plan about the grant-giving functions of CCW? What will happen to that funding after the creation of a single body?

[71] **Mr K. Davies:** Of the three bodies, CCW is the main body that provides grants to partner organisations in the third sector. The transfer of that function to the new body will be a critical part of the role of the new body. As Morgan outlined, the success of the new body and the natural environment framework relies on the active participation, engagement and support of the third sector, and on working with local government to deliver key programmes of work that are funded by our grant aid. That function will continue. The advantage of bringing that into the single body is that we can hopefully deliver more for the environment and demonstrate the value of environmental work for the economic and social wellbeing of communities.

[72] **Antoinette Sandbach:** I want to ask about annex 8 of the business case, which is where the respective benefits are outlined—the £17 million that I mentioned before. Preceding that is this qualification:

[73] ‘The information presented relies solely on the reports produced by the work streams in their consideration of a merger of EAW, CCW & FCW to form one body. Neither the work streams, nor this exercise has actually given any consideration to how mergers of only two of the three bodies would practically work or what benefits they could actually deliver.’

[74] That is a pretty substantial limitation, is it not? In effect, you are saying that you only looked at one option. You did not consider how the merger of any two of the three bodies would practically work.

[75] **Mr Parry:** Those are questions that you need to direct to Government officials. Our staff were members of the work streams, but the report comes from the Government. As far as I understand, the process of creating a shortlist had already been completed by that stage, so we were looking at a narrower range of options.

[76] **Antoinette Sandbach:** How can you weigh up options against each other if you have not looked at the alternative option? I understand that the decision was between option 2, which was CCW and EAW, and option 4, which was CCW, FCW and EAW. However, if you have not looked at how one of those options would practically work, how can you assess them?

[77] **Mr Parry:** That is something that you would need to ask the Government. There were a number of criteria involved in the process of creating a shortlist. The benefit calculation for the financial side was only one criterion; many other criteria were scored in creating the shortlist. By the stage that we were preparing the information that is here, the shortlisting process had taken place and the other options had been put to one side for a number of reasons. It was a thorough process, but doing a complete benefit calculation for the full range of options would have been a massive task. It was a big task as it was, but it was completed in a reasonably logical way.

[78] **Antoinette Sandbach:** There were three options: CCW and EAW; CCW and FCW; and CCW, FCW and EAW. As you say, the shortlisting had already been carried out, but you did not think about what the real delivery could be of merging only two of the organisations.

[79] **Lord Elis-Thomas:** I think the chair of CCW has pointed us in another direction.

[80] **Mr Parry:** I think that the Government would have to answer that.

[81] **Lord Elis-Thomas:** We must pass the ball, as it were, and quite rightly.

[82] **Mr K. Davies:** I have one final comment. The business case has been subjected to external peer review and has been found to be robust. As the chairman said, perhaps this is a question for the Government.

[83] **Lord Elis-Thomas:** We will address that soon, I believe. Is it next week? I see that it is.

[84] **David Rees:** Being last means that everyone has already asked all of the questions you had thought of. We are talking about a body that, at the end of the day, we hope will achieve the targets of the natural environment framework. Llyr Huws Gruffydd has already mentioned that there is an issue of culture, which we will have to look at in getting that body right. What consideration has gone into the transitional period? Getting that right is what we want to achieve, but we do not want chaos in getting there. So, what consideration has been given to the transitional stages between setting up any shadow body and the implementation of a new body, particularly in relation to staffing? You mentioned staffing at a higher level, but let us look at staffing at the lower level—the staff on the ground, talking to people and doing the business. In a previous evidence session, we had questions about staffing and resourcing for some of the permitting issues and the difficulties you had with that. What are your views on the transition period and how to manage it? Was it considered in any business case, particularly with regard to resourcing and staffing? Has consideration been given to the impact any cultural change may have on keeping staff? That is your expertise.

[85] **Mr K. Davies:** The need to maintain the work as we move into setting up a shadow body is a key component of the business case and how the work is going to be organised over the coming 12 months. There are two elements to that. One is that we, as the organisations, are working with Government to identify the key priorities in terms of operational delivery. Obviously, being able to reassure stakeholders, business and grant partners that we will continue with that level of service is a key priority. The second is that elements of our work programmes will feed into the evidence and the conceptual thinking needed to take forward the propositions in the Green Paper. There is a very clear process of closely managing our work to ensure that we work towards a new body, informing the Green Paper outcome, and to ensure that the key operational delivery functions are maintained.

[86] Your question about keeping staff is a pertinent one. Obviously, we need to be very mindful that staff are fully informed and engaged in the process of setting up the new body, ensuring that they are aware of everything that is going on and ensuring their wellbeing by looking at their workload and keeping it at a manageable level. With regard to our resilience in terms of being able to provide an effective service for people engaged with and depending on the environment, creating a new body will provide a greater degree of resilience in the face of the challenging public sector context. Having a single body with a range of staff that we are able to deploy to meet priorities as they emerge will enable that service to be continued, if not enhanced, for stakeholders.

[87] **Mr Parry:** I have just been thinking about your very important question about how the transition, the shadow body and the arrangements for creating the culture of the new body have been thought about. I think it is fair to say that the business case foresaw this and is cognisant of the fact that it is an issue. However, the reality is that those people appointed as the chair, the chief executives and the board are the ones who will be charged with creating the culture of the new body. I think it was Welsh Water that, in its submission to your committee, made the point very strongly that that is a critical step.

2.00 p.m.

[88] The composition of and the representation on the board would absolutely determine the culture and the interface, particularly with the private sector in the case of Welsh Water. That is a major concern. So, that work has to be done; it has certainly been recognised as a big issue, and that is the phase that is now beginning. I am confident that if people from all sectors take the consultation in a couple of weeks' time seriously and respond to it, we will get a range of views and, from there, the best examples of how to do this across Wales. However, it is fair to say that that work is about to begin.

[89] **Mick Antoniw:** Following on from the point that David Rees raised, as far as staff are concerned—and there is a large number of staff—there are concerns in any change like this about the harmonisation of pensions, contracts and everything else. Are you reasonably confident that that can be done without any significant detriment to all the staff who are employed, because people will come from different pension schemes, on different terms, with different types of contracts, different histories and so on? Can that flow relatively smoothly and easily?

[90] **Mr Parry:** I will make a brief comment and then hand over to Keith. Looking across the picture of those who have been involved so far, I would say that that has proceeded relatively smoothly. In other words, what you might have imagined would be major issues, either in cost terms or concerns that the trade union side had about the terms and conditions of staff, appear to have been discussed and agreed amicably. Those sorts of issues have been overcome by discussion. That is my perception, at least, of the reports that we as a council have had on how it has proceeded. The detail of the numbers and how the pension funds and so on have worked out were also a significant part of the business case, but they seem to have been given a green light in terms of what is proposed.

[91] **Yr Arglwydd Elis-Thomas:** Diolch yn fawr i chi'ch dau. Unwaith eto, rwy'n ymddiheuro am y toriad technegol. Mae'n rhyfedd fod pwyllgor sy'n ymwneud ag ynni yn cael problemau gyda chyflenwad trydan, ond dyna ni.

Lord Elis-Thomas: Thank you both. Once again, I apologise for the technical break. It is strange that a committee that deals with energy should have problems with its electricity supply, but there we go.

[92] Diolch yn fawr i'r ddau dyst nesaf am eu hamynedd: Jon Owen Jones, cadeirydd Comisiwn Coedwigaeth Cymru; a Trefor Owen, sydd yn gyfarwyddwr y comisiwn. Croeso mawr ichi.

I thank the next two witnesses for their patience: Jon Owen Jones, the chair of Forestry Commission Wales; and Trefor Owen, who is its director. A warm welcome to you.

[93] A fyddai'n deg dweud mai'r Comisiwn Coedwigaeth yw'r trydydd partner, yn ôl y dystiolaeth, nad yw mor awyddus i fod yn y briodas, neu a yw'r metaffor hwnnw'n gwbl anghywir?

Would it be fair to say that the Forestry Commission is the third partner, according to the evidence, that is not as keen to be part of the marriage, or is that metaphor completely incorrect?

[94] **Mr Jones:** Mae hynny'n deg.

Mr Jones: That is fair.

[95] **Yr Arglwydd Elis-Thomas:** A fydddech yn hoffi dweud gair pellach ynglŷn â hynny?

Lord Elis-Thomas: Would you like to say a little more about that?

[96] **Mr Jones:** Nid yw'n gyfrinach nad yw'r comisiwn yng Nghymru yn orhyderus am y broses ac am ymuno â'r ddau gorff arall. Fodd bynnag, mae'r penderfyniad wedi

Mr Jones: It is no secret that the commission in Wales is not overly confident about the process and about merging with the other two organisations. However, the decision has

cael ei wneud ac mae'n ddyletswydd arnom i sicrhau bod y corff newydd yn gweithio cystal ag y gall wneud a bod y gwaith coedwigaeth yn parhau i gael ei wneud.

[97] **Yr Arglwydd Elis-Thomas:** Rydym yn canolbwyntio ein gwaith manwl ar y pwnc hwn ar yr achos busnes. A yw'r broses o fynd drwy'r achos busnes o safbwynt y cyfarwyddwyr a'r staff wedi cynyddu hyder yn y broses o uno neu a yw wedi codi mwy o gwestiynau?

[98] **Mr Owen:** Mae'r broses hir o baratoi'r cynllun busnes wedi bod yn fuddiol iawn. Rydym wedi cael dau gyfle mewn gwirionedd. Cwblhawyd astudiaeth ddichonoldeb yn 2010, ac yn ei sgîl, penderfynwyd creu achos busnes manwl, a ddigwyddodd dros y flwyddyn ddiwethaf. Rwy'n croesawu'r ffaith y rhoddwyd amser i baratoi achos busnes manwl.

[99] Fel y dywedais yn fy nhystiolaeth, rwy'n fodlon bod y Gweinidog wedi cael y cyngor i gyd cyn gwneud ei benderfyniad, sy'n bwysig. Fel y dywedodd John, bydd y comisiwn, a nifer o bobl eraill, yn dod â her i'r broses, ac mae hynny'n adeiladol iawn. Wrth lunio achos busnes mae'n bwysig bod pobl o amgylch y bwrdd sy'n cwestiynu ac yn herio, yn ogystal â bod yn bositif, wrth gyflwyno tystiolaeth a gwybodaeth ac yn y blaen. Credaf fod y broses honno wedi bod yn adeiladol iawn er mwyn i bobl allu weld bod y cwestiynau pwysig wedi'u codi a'u hystyried. Mae hynny wedi dod â phobl yn eu blaenau.

[100] Mae'n bosibl bod rhai pobl wedi rhyfeddu pan wnaed y penderfyniad. Roeddwn yn hollol hyderus y byddai agwedd bositif iawn gen i, yr uwch swyddogion, y bwrdd a'r staff ac yn dweud, 'Reit, mae'r drafodaeth wedi dod i ben, mae'r achos busnes wedi ei gyflwyno, mae'r penderfyniad wedi'i wneud a'n gwaith ni nawr yw sicrhau ei fod yn gweithio'. Dyna sut mae pethau wedi dod yn eu blaen yn ystod y ddau fis diwethaf. Rwyf wedi bod yn falch iawn gydag agwedd bositif ac ymrwymiad y staff ar bob lefel i sicrhau bod hyn yn gweithio. Rydym yn benderfynol o wneud iddo weithio.

been made, and it is our duty to ensure that the new body works as effectively as possible and that forestry work should continue to be done.

Lord Elis-Thomas: We are concentrating our detailed work on this subject on the business case. Has the process of going through the business case from the point of view of the directors and the staff increased confidence in the merger process or has it raised more questions?

Mr Owen: The lengthy process of preparing the business case has been very beneficial. We have had two opportunities in fact. A feasibility study was completed in 2010, and as a result of the study, it was decided to create a detailed business case, which was done over the past year. I welcome the fact that time was given to prepare a detailed business case.

As I said in my evidence, I am content that the Minister was provided with all the advice before making his decision, which is important. As John said, the commission, and many others, will bring challenges to the process, which is very constructive. When drawing up a business case it is important that there are people around the table who are questioning and challenging as well as being positive in providing evidence and information and so on. I believe that that process has been very constructive so that people can see that the important questions have been raised and considered. That has brought people on board.

It is possible that some people were surprised when the decision was made. I was entirely confident that senior officials, the board, the staff and I would have a very positive attitude and say, 'Right, the discussions have ended, the business case has been drawn up, the decision has been made, and it is now our job to ensure that it works'. That is how things have progressed over the past two months. I have been very pleased with the positive attitude and the commitment of staff at all levels to ensure that this works. We are determined to make it work.

[101] **Yr Arglwydd Elis-Thomas:** Gan eich bod wedi dweud hynny, rwyf am ofyn cwestiwn arall i'r ddau ohonoch. Ni fydddech felly yn ei groesawu pe byddai'r pwyllgor hwn, yn ei ddoethineb, wrth gyhoeddi adroddiad yn weddol fuan ar hyn, yn ailagor y cwestiwn ac yn ceisio dylanwadu ar y Gweinidog i ailystyried ei benderfyniad. Mae hwn yn amlwg yn gwestiwn arweiniol.

Lord Elis-Thomas: As you have said that, I want to ask another question of both of you. Therefore, you would not welcome it if this committee, in its wisdom, in publishing a report fairly soon, were to reopen the matter and try to influence the Minister to reconsider his decision. That is obviously a leading question.

[102] **Mr Owen:** Mater i'r Gweinidog yw penderfynu sut y bydd pethau'n mynd yn eu blaen. Rydym yn berffaith glir bod penderfyniad wedi'i wneud ac rydym yn benderfynol o wneud iddo weithio. Pe ceir newid trywydd, byddem, wrth gwrs, yn gwneud i hynny weithio. Y bwriad, fel y byddech yn ei ddisgwyl, yw ein bod yn mynd yn ein blaenau yn awr a gwneud i hyn weithio.

Mr Owen: It is for the Minister to decide how things will progress. We are perfectly clear that a decision has been made and we are determined to make it work. If there were to be a change of direction, we, of course, would make it work. The intention, as you would expect, is that we will move forward now and make this work.

[103] **Yr Arglwydd Elis-Thomas:** Rydych yn swyddog teyrngar iawn, Trefor, fel y gwn.

Lord Elis-Thomas: You are very loyal officer, Trefor, as I know.

[104] **Mr Jones:** Roedd dyletswydd arnom i fod yn blwmp ac yn blaen gyda'r Gweinidog ynglŷn â'r achos busnes gan ddweud beth oedd y problemau yn ein barn ni, ac rydym wedi gwneud hynny. Chi sydd i benderfynu pa benderfyniad yr ydych am ei wneud, ac mae'n siŵr y bydd pobl yn ystyried yr hyn rydych yn ei ddweud.

Mr Jones: We had a duty to be entirely straight with the Minister about the business case in identifying the problems, and we have done that. It is up to you to decide which decision you want to make, and I am sure that people will consider what you will say.

[105] **Yr Arglwydd Elis-Thomas:** Rydych yn ddiplomataidd tu hwnt.

Lord Elis-Thomas: You are very diplomatic.

[106] **Llyr Huws Gruffydd:** Yn eich tystiolaeth, rydych yn rhestru nifer o risgiau ychwanegol na chafodd eu hystyried yn rhan o'r achos busnes. Pam na chafodd y rheiny eu hystyried?

Llyr Huws Gruffydd: In your evidence, you listed a number of additional risks that were not considered as part of the business case. Why were those not considered?

[107] **Mr Owen:** Fel y byddech yn ei ddisgwyl gyda phroses o baratoi achos busnes mor fanwl â hwn, nid oes byth digon o amser i ateb pob cwestiwn os ydych yn gweithio tuag at derfyn amser. Roedd y grŵp a oedd yn paratoi'r achos busnes yn gweithio tuag at gyrraedd diwedd y broses erbyn diwedd mis Tachwedd y llynedd. Felly, aeth y gwaith yn ei flaen am bron i flwyddyn ond daeth nifer o bethau at ei gilydd yn eithaf hwyr yn y broses, er enghraifft y mater technoleg gwybodaeth. Mae hwnnw'n faes cymhleth dros ben wrth ystyried uno tri

Mr Owen: As you would expect with a process of preparing a business case as detailed as this, there is never enough time to answer every question if you are working to a deadline. The group responsible for preparing the business case was working to conclude the process by the end of November of last year. Therefore, the work went on for almost a year, but a number of things came together quite late in the process, for example the issue of information technology. That is an extremely complex area when considering the merger of three organisations, or four if

chorff, neu bedwar corff os ydych yn cynnwys y Cynulliad hefyd. Roedd proses o gyflogi ymgynghorwyr a nifer o arbenigwyr o'r pedwar corff i edrych ar dechnoleg gwybodaeth. Mae hyn yn hanfodol oherwydd mae'r achos busnes o ran buddiannau yn dibynnu ar gael technoleg gwybodaeth a fydd yn gweithio yn gynnar yn y broses, felly gwnaed llawer o waith ar hynny. Yn hwyr yn y dydd y daeth peth o'r wybodaeth honno gan yr ymgynghorwyr a'r timau mewnol at ei gilydd. Yn y cyfarfod olaf o fwrdd y rhaglen, roedd yn amlwg nad oedd rhai pethau wedi eu cynnwys yn yr achos busnes. Roeddwn i'n meddwl ei bod yn bwysig fy mod i ac eraill yn nodi nad oedd rhai elfennau wedi eu cynnwys, fel y dywedais yn gynharach, fel bod y Gweinidog wedi derbyn cyngor cyflawn cyn iddo wneud penderfyniad.

[108] **Llyr Huws Gruffydd:** Felly, yr hyn yr ydych yn ei ddweud yw bod y penderfyniad wedi'i wneud yn gynamserol. Rydych wedi dweud nad oes byth digon o amser; mae hynny'n awgrymu i mi fod y broses wedi bod yn frysiog. Os na chafodd y ffactorau ychwanegol rydych wedi'u nodi yn eich tystiolaeth eu hystyried, mae hynny'n awgrymu i mi fod y penderfyniad wedi'i wneud cyn y dylai fod wedi'i wneud.

[109] **Mr Owen:** Fy ngwaith i a phawb arall a oedd yn gwneud y gwaith hwn oedd bwydo gwybodaeth i mewn i'r achos busnes er mwyn sicrhau ei fod yn addas at y diben ac y gallai fynd at y Gweinidog er mwyn iddo wneud ei benderfyniad. Mater i'r Gweinidog wedyn yw penderfynu beth y mae ef neu hi am ei wneud gyda'r dystiolaeth honno. Rwy'n fodlon iawn bod y Gweinidog wedi derbyn y dystiolaeth er mwyn gallu gwneud ei benderfyniad.

[110] **Llyr Huws Gruffydd:** Eto, yr ydych yn rhestru risgiau yn eich tystiolaeth nad oedd yn rhan o'r penderfyniad hwnnw, felly pam yr ydych yn eu rhestru?

[111] **Mr Owen:** Roeddent yn rhan o'r penderfyniad. Gwn fod y risgiau hyn a godais yn y cyfarfod olaf wedi'u pasio ymlaen i'r Gweinidog.

[112] **Llyr Huws Gruffydd:** A oes angen gofyn, felly, pam cyflwynwyd y risgiau

you were to include the Assembly as well. There was a process where consultants and a number of specialists from the four organisations were appointed to look at information technology. This is crucial because the business case in terms of benefits is dependent on having effective IT that will work early on in the process, so a lot of work was done on that. It was very late in the day when some of that information from the consultants and the internal teams was brought together. At the final meeting of the programme board, it was apparent that certain things had not been included in the business case. I thought it was important that I and others noted that certain elements had not been included so that, as I said earlier, the Minister had the full picture before he made a decision.

Llyr Huws Gruffydd: Therefore, what you are saying is that the decision was made prematurely. You have said that there is never enough time; that suggests to me that the process was hurried. If the additional factors that you noted in your evidence had not been considered, that suggests to me that the decision was made before it should have been.

Mr Owen: My work and that of everyone else who was involved in this work was to feed information into the business case to ensure that it was fit for purpose and that it could go to the Minister so that he could make his decision. It is then a matter for the Minister to decide what to do with that evidence. I am very content that the Minister received the evidence that enabled him to make a decision.

Llyr Huws Gruffydd: Yet, in your evidence, you include a list of risks that were not part of that decision, so why have you included them?

Mr Owen: They were taken into account when the decision was made. I know that these risks that I raised in the final meeting were passed on to the Minister.

Llyr Huws Gruffydd: Therefore, is there a need to ask why those risks were presented so

hynny mor hwyr yn y broses?

[113] **Mr Owen:** Ni chawsant i gyd eu cyflwyno'n hwyr; codwyd rhai ohonynt yn gynt. Yr un a oedd yn ymwneud â thechnoleg gwybodaeth a ddaeth i'r bwrdd yn hwyr yn y dydd oherwydd, fel rwyf wedi'i ddweud, roedd y broses honno'n diweddar yn hwyr yn y broses. Mae nifer o'r risgiau eraill yn ymwneud â'r ffaith ein bod yn disgwyl y byddwn yn parhau i elwa ar waith ymchwil am ddim yn y dyfodol. Mae'r achos busnes yn dweud mai dyna rydym yn meddwl bydd yn digwydd; hynny yw, y byddwn yn parhau i dderbyn gwaith ymchwil a fydd wedi'i ariannu gan DEFRA yn y dyfodol. Nid ydym yn sicr wrth gwrs y bydd hynny'n digwydd.

[114] **Llyr Huws Gruffydd:** Yn olaf, felly, a ydych yn hyderus bod modd goresgyn yr holl risgiau hyn a nodwyd?

[115] **Mr Owen:** Wrth gwrs bod modd. Yn fy nhystiolaeth rwyf wedi bod yn dweud na chawsant eu hateb cyn diwedd Tachwedd. Mae'r gwaith yn awr yn symud ymlaen i ateb nifer o'r cwestiynau hyn. Byddant yn cael eu hateb dros y flwyddyn nesaf yn bendant; bydd rhaid eu hateb.

[116] **Mr Jones:** Mae'n rhaid i chi ystyried y cwestiynau hyn yng ngoleuni'r achos ariannol. Mae gennych achos ariannol sy'n edrych yn gadarn iawn ar gyfer dau o'r cyrff, ond mae'r achos ariannol ar gyfer cyflwyno'r comisiwn yn llawer llai cadarn. Felly, os oes costau ychwanegol nad ydynt wedi eu hystyried yn llawn neu sydd wedi eu hystyried ond penderfynwyd eu bod o bosibl yn is na feddylwyd yn wreiddiol, yna nid ydynt yn debygol o wneud gwahaniaeth i'r holl achos ariannol. Fodd bynnag, byddant yn gwneud gwahaniaeth i'r achos ariannol a fydd yn dod i'r bwrdd os bydd Comisiwn Coedwigaeth Cymru yn cael ei gynnwys.

[117] **Lord Elis-Thomas:** Since you complained that you were the last to be called last time, I have promoted you, David Rees.

[118] **David Rees:** I have many questions to ask, but I have to leave some for my colleagues. To follow on from that, are you therefore happy that you have identified all the risks and that they are being considered and tackled in preparation for the single body?

2.15 p.m.

late in the process?

Mr Owen: Not all were presented late; some were raised at an earlier stage. It was the one to do with IT that came to the table late in the day because, as I have said, that process was updating late in the process. Many of the other risks relate to the fact that we expect that we will continue to benefit from free research in future. The business case states that that is what we think will happen; that is, that we will continue to receive research funded by DEFRA in future. Of course, we are not certain that that will happen.

Llyr Huws Gruffydd: Finally, therefore, are you confident that there is a way to overcome all of these risks that were identified?

Mr Owen: Of course there is. In my evidence I have been saying that these were not answered before the end of November. Work is now ongoing to find solutions to many of these questions. Those questions will certainly be answered over the next year; they will have to be answered.

Mr Jones: You have to consider these questions in light of the financial case. You have a financial case that looks very robust for two of the bodies, but the financial case for bringing in the commission is much less robust. So, if there are to be additional costs that have not been fully factored in, or that have been considered but it was decided that they might be lower than initially thought, then they are not likely to make a difference to the whole financial case. However, they will make a difference to the financial case that will come to the table if Forestry Commission Wales is included.

[119] **Mr Owen:** It would be fair to say that Forestry Commission Wales and a number of forestry business stakeholders probably raised proportionately more questions about risks than other sectors. What is unknown and what I am unsighted on I cannot comment on, but as for being able to provide a comprehensive set of risks, as well as mitigation and answers during the process, I am satisfied that we have done a very good job in identifying the main risks, and we are now obviously focused on addressing some of them so that they are reduced and mitigated to enable the new body to go forward successfully.

[120] **David Rees:** Clearly, the inclusion of Forestry Commission Wales is the most contentious of the three bodies—we recognise that—particularly given the more managerial role that the commission has, compared with the regulatory role of the others. How will you manage that within the new body to ensure that there is no conflict, and that there are two separate sections of the new body, regulatory and managerial? That is where your strengths are, of course.

[121] **Mr Owen:** This will be a question, obviously, for the new executive, but from my perspective there will obviously be a public consultation on the purpose and the duties of the new body. Effectively, there will be an opportunity for people to comment on elements of the design of the new body that we expect to be launched by the Welsh Government in the next month. People will have an opportunity to comment on this more broadly, but if that consultation suggests that the new body should have sustainable development as its central organising principle, and has a particular duty to look at natural resource management across the whole of Wales, then that will give many people involved in land management significant reassurance, because forestry already practices sustainable forest management against verifiable international standards that are audited. I think of forestry as a really good, practical example of sustainable development. If it nests underneath an overarching sustainable development principle that is coded into the DNA of this new body, then the land management functions should flourish, because there will be opportunities inside this new body for forestry to play a bigger role in sustainable land management here in Wales. It should be easier to start looking at opportunities where trees and woodland can contribute more to tackling some of the wicked questions—for example, dealing with flooding, where trees can be used as a tool to slow down the flow of water from uplands. It should be easier to start looking at some of these opportunities. We are already looking at them, but it should be easier, quicker and more efficient to turn some of that into practice. Although we have been raising a number of risks and questions along the journey, we did not start by saying that this will not work, or cannot work. We just had a view on alternatives or different models. Now that the decision has been taken, we know that forestry can play a significant and positive role in its contribution to sustainable land management here in Wales.

[122] **Mr Jones:** May I add to that? At least initially, the synergies between the other two bodies in terms of their regulatory functions are much more apparent. In a sense, there will be more gain, and possibly more pain, because you will need to put those two things together. That will be an early priority. A lot of the work that we do stands somewhat outside of that in land management, so in a sense I think that as the new organisation starts up, changes for our section are less likely than for the other two sections.

[123] **David Rees:** In that case, you should find the transition period easier than the other two, because they will have to come together quicker.

[124] **Mr Jones:** I can see more big questions about how the Environment Agency and CCW operate their regulatory functions early on than I can with regard to how the management of our forestry is going to change—hopefully, it will not change a great deal.

[125] **Mr Owen:** It is worth remembering that this will be a body of about 1,800 people when it starts, with a very wide range of functions and responsibilities. The largest

professional group, certainly at the start, will be forestry, in terms of the number of people involved in a particular function. So, forestry will play a significant part in the range of functions in this new body.

[126] **David Rees:** In that case, will you have sufficient resources at the start? Do you anticipate a problem with resources, particularly staffing-wise, further down the line as things may change and you move into the full body?

[127] **Mr Owen:** Our working assumption at the moment is that current staff will transfer to the new body, as will the staff at the other two bodies. So, I certainly do not think that that is an issue. Beyond that, as the head of the forestry profession in Wales, I would hope that some of the opportunities that I have commented on will allow the profession to play its full part, and perhaps a fuller part, in delivering sustainable land management benefits. That professional group is a multiskilled group of professionals. It is not just foresters; we have civil engineers, land agents, interpretation experts, education specialists and so on. I hope that the new executive will see the great work that some of my people lead on in Wales as something that works, is successful, and could be applied on a wider platform in terms of land management.

[128] **Mr Jones:** The resource that we have flagged up as a concern is the one that we buy in from outside. The helicopters that were flying over your constituency last year, mapping out the devastation caused by *Phytophthora ramorum*, were not provided from Welsh resources. We have a concern, not necessarily that those resources will not be available, but that they may not be available at their current cost.

[129] **Antoinette Sandbach:** It has been very interesting to hear from the heads of the three agencies that will likely form the single environment body. Certainly, from the Environment Agency and CCW, we have not heard the word 'commercial' once. Of course, the Forestry Commission performs a very valuable commercial role. Perhaps I need to declare an interest as somebody who owns commercial woodland.

[130] Do you see a difficulty with public perception with regard to Forestry Commission land on which controversial windfarms may be developed—

[131] **Lord Elis-Thomas:** They are controversial to some.

[132] **Antoinette Sandbach:** Yes, to some. That is, it will be owned by the body that will be involved in the consenting and permitting process and be a statutory consultee in the process. Would you be prepared for the regulatory function perhaps to be taken over by the single environment body and for you separately to continue to manage the woodlands and commercial forestry? That is, the regulation would be in one place, and you would retain your forestry function.

[133] **Mr Owen:** For me, part of your question is somewhat hypothetical, because I have to address what will effectively be a single body from 1 April next year. As you can imagine, some thought has been given to transparency and the separation of duties, and that is touched on in the business case. I know that it will also be touched on in the public consultation. It will be a question that will need to be addressed in the public consultation. I should say first of all that the public forest estate in Wales is a multipurpose resource. It is not just about commercial forestry. I respect the fact that you may manage your woodland for a particular set of objectives; the public forest estate delivers the Welsh Government's woodland strategy, which is about multipurpose forestry. As a consequence of that, it generates timber, it has a commercial value and it supports many jobs and contributes significantly to the economy, particularly the rural economy downstream.

[134] The business case has banked, effectively, the income that I currently have in my business plan for the next three years, which is as far as my business plan goes. In fact, the business case has banked the money beyond that. So, the whole financial model for this business case is predicated on an assumption that a steady stream of timber will flow from the public forest estate in future.

[135] In terms of windfarms, a number of planning cases for wind energy developments on the Welsh Government's estate will be going through the planning process. I should stress that this new body will be a managing agent for the Welsh Government. The land will remain in the ownership of the Welsh Government. The current income, net of my costs, is returned to the Welsh Government and it will be for the Welsh Government to decide whether to change that arrangement in future. However, that income has not been banked inside the business case; the income is assumed to flow back to the Welsh Government for it to use as it sees fit.

[136] The Countryside Council for Wales is currently a consultee for wind energy developments. There is an established planning process for dealing with those views. It is very clear that the new body will have a range of regulatory functions that it will need to consider in terms of how they are brigaded. The three organisations currently have regulatory functions. There are options. Perhaps one school of thought would suggest brigading all of the regulatory functions—whether forestry, nature conservation, or another function—in a specialist regulatory team; another school of thought might suggest taking some of those functions out so that they are done at arm's length, either by a different body, or by the Government. I suspect that these are the questions that will be included in the public consultation. Different people will see different elements of regulation through different glasses, depending on their particular interests. However, it is clear that there is a complex set of regulatory functions on the table and there needs to be a process, which has not started yet, of deciding on the best model for effective regulation, but also transparent and accountable regulation.

[137] **Mr Jones:** It is very important to work out how you get that division at arm's length between the regulation and exploiting the resource. The forest estate represents 6% of the landmass of Wales, and it does not just produce forestry, as Trefor has said. It generates income and employment in other ways, almost always in partnership with other organisations—whether private organisations, local government or whatever. It is possible that the new organisation will devise a way in which the regulatory functions are fine, but I know that you will not mind my saying that the ability to be entrepreneurial and to find opportunities to create more work or more income may be constrained. I would think that that would be a bad thing.

2.30 p.m.

[138] **Antoinette Sandbach:** I accept the evidence of Trefor Owen that the Minister was advised of the risks on 18 November. What notice he took of that advice is a question that the Minister can perhaps answer. I would like to understand the risk of the break-up of Forestry Commission GB being triggered by the creation of the SEB. What is the figure for the break-up of Forestry Commission GB? It is my understanding—correct me if I am wrong—that the first organisation that triggers the break-up will be mainly responsible for the costs.

[139] **Mr Jones:** That would be debatable, and I am quite clear about which side of the debate the National Assembly would be on. There would be a considerable cost, but the questions of who bears the cost and what proportion is borne by Wales would be a matter of discussion.

[140] **Antoinette Sandbach:** Can you give us some idea of what 'considerable' means? Is

it £10 million or £100 million?

[141] **Mr Owen:** The Forestry Commission has done some modelling on this work, because it is a live question across the United Kingdom. We are very aware of the constitutional questions that have been flying around this week and last week, so you ask a very relevant question. As a non-ministerial Government department serving three Ministers, the Forestry Commission is acutely aware of the different tensions and dynamics in the three countries. We currently have a situation whereby the Westminster Government is unlikely to make any decision on forestry until it has considered a report from an independent panel that it has commissioned to look at forestry in England. We think that that will come before the Government in England in April or May of this year. The SNP made it very clear in its manifesto that it is looking to have more control over forestry in Scotland. So, there are constitutional tensions between the three countries. The three Ministers with responsibility for forestry met before our Minister in Wales took the decision, and started a dialogue about cost sharing and so on. However, there are different political drivers in the three countries at this stage, and if England or Scotland decide to change the arrangements, I suspect that this is a question that we may well return to at some point in the future. That is as far as I can speculate as far as that is concerned.

[142] **Mr Jones:** The novelty is that the headquarters for most of the centralised costs are not in Westminster—they are in Edinburgh.

[143] **Antoinette Sandbach:** Can I, perhaps, summarise—

[144] **Lord Elis-Thomas:** No; there is no time to summarise.

[145] **Vaughan Gething:** Good afternoon to both of you. To follow on from what you just said, Jon Owen Jones, I am interested in why you believe that the entrepreneurial element would be constrained in a single environmental body. Given the statement in the business case about being reliant on the income expected to be generated over the next three years, is there anything structural or something else about the business case that will constrain the entrepreneurial streak that you identify?

[146] **Mr Jones:** I do not say that it is necessarily so; I say that it is a concern. You could try to deal with the regulatory question that Antoinette raised by saying, ‘We won’t do these things, because, if we do, people will accuse us of being judge and jury in our own case’. Given that it is now a larger organisation with different interests, it perhaps becomes more complicated to do. A lot depends upon what the Green Paper will contain. It has not been published yet, but a commitment along the lines of sustainable development in a strong way, which includes economic development, will go some way to assuage my fears.

[147] **Vaughan Gething:** On the regulatory fund, many other public bodies also have permitting and regulating functions. Is that a point of concern that you would like to see dealt with, rather than seeing it as a reason not to proceed? I would like to understand in my mind where you are coming from.

[148] **Mr Owen:** The regulatory question is not significant from a forestry perspective. The other two bodies’ regulatory functions are often derived from European legislation and directives and the interpretation of those through regulations in this country. The water framework directive, for example, is a significant piece of legislation. Forestry lies outside the Treaty of Rome. It is a sovereign state issue. Although forestry contributes as a policy tool in terms of responding to some of the challenges we face with European regulations—such as the water framework directive—there is no forestry directive. There are fairly light regulations for forestry, compared with other areas. The major regulation we use is the felling licence regulations, which are about preventing the loss of woodland and trees in this country.

There is a good working relationship between the public and private sectors on woodland management, so it is a very light form of regulation. From my perspective, forestry does not have a great deal to worry about in terms of regulation. The concerns about regulation will be for business, rather than the people inside the organisation who are trading.

[149] **Vaughan Gething:** Thank you; that was very helpful.

[150] **William Powell:** Were the ministerial sector panels engaged in the consideration of the business case? In our session on our energy inquiry this morning, we heard from Kevin McCullough, the chair of the energy and environment panel. He gave his view in robust terms of the proposed single environment body and the other two constituent elements. That will be on the record as being in some way broken and in need of fixing. He was speaking in the context of having the role of a statutory consultee in the planning process. He expressed a view that has been echoed in some of the remarks you have made, but in a different style.

[151] **Mr Jones:** More diplomatic.

[152] **William Powell:** He said that there were significant risks associated with the potential lack of commercial focus in a single environment body. Have any other members of the panel been involved? He did not appear to have taken part. If he had, he had not been heard.

[153] **Mr Owen:** From memory, the panels only came into being in the last few months, or in this term, if I can put it like that.

[154] **William Powell:** Or very late in the last term.

[155] **Mr Owen:** A number were being set up late in the last term. I am aware of the farming and land use group because of our interest in that. There was a tremendous amount of liaison and contact with stakeholders throughout the process. There was a communication work stream running through the business case. There has been communication through multiple channels, ranging from conferences and workshops to the web and face-to-face, bilateral meetings. There has been a tremendous amount of contact with stakeholders in developing the business case. However, I cannot confirm that the recently formed panels that you refer to were specifically engaged in the process. From memory, they were not.

[156] **Gwyn R. Price:** Given the natural environmental framework has yet to be published, to what extent were you able to consider the aims and objectives in the development of the business case? What consideration was given to the Welsh Government's key strategic policies in the development of the business case, such as that given to the economic renewal programme?

[157] **Mr Owen:** I was listening to your earlier session, and I think your question may have been covered by Morgan Parry and Keith Jones of CCW.

[158] **Lord Elis-Thomas:** So, you are already speaking for each other, are you? [*Laughter.*]

[159] **Mr Owen:** We are trying not to. I think colleagues referred earlier to a consultation called 'A Living Wales', which set out some of the principles that, obviously, will work their way through into what will be a natural environment framework. I have been part of that journey and I have seen a much clearer language and narrative starting to develop. The key thing that we have to do is translate some of this theory and these big words into practical simple language that people can understand and engage with.

[160] I welcome the public consultation on taking forward the Green Paper for the natural

environment framework, soon. I am also excited that the public consultation on the purpose, duties and functions of this new body is to be started at the same time. Therefore, people will have both documents to look at and start relating the policy framework to delivery and a delivery vehicle. I think having that traction between the policy outcomes and what a new body is going to do to support any change in the improved delivery of outcomes may help people. I recognise that there is a risk, perhaps you are asking people to have stereoscopic vision and heads and brains to look at two documents together, but I think that doing it that way is probably better than doing one and then doing the other. You need to look at the two and start relating the policy outcomes to the delivery.

[161] **Mr Owen Jones:** A short way of saying it is that the natural environment framework is on a journey towards becoming a practical document.

[162] **Mr Owen:** Your second question was about the economic renewal programme. Certainly, cognisance was taken of the economic renewal programme, and there was dialogue between officials involved in the project team and policy leads from the economic development department in the development of the business case.

[163] **Llyr Huws Gruffydd:** Yn fyr, hoffwn gyfeirio at y sylw a wnaethoch ynglŷn â datblygu polisi a'r strwythur ochr yn ochr. Mae'n siŵr bod yn rhaid i chi wybod lle rydych am gyrraedd cyn penderfynu beth yw'r ffordd orau i gyrraedd yno. Mae'n amlwg bod y cart yn cael ei roi o flaen y ceffyl.

Llyr Huws Gruffydd: Briefly, I would like to turn to a comment you made regarding policy development and structure side by side. Surely, you need to know where you want to get to before deciding the best way to get there. It is obvious that the cart is being put before the horse.

[164] **Mr Owen:** Rwyf yn gyfarwydd â'r ddatl honno. Mae sawl un wedi cyflwyno'r ddatl honno. Mae dau ddewis ar gael: gwneud un ac wedyn y llall; neu wneud y ddau gyda'i gilydd ac efallai sylweddoli bod proses ailadroddus yma.

Mr Owen: I am familiar with that argument. It is an argument that many people have put forward. There are two options available: do one and then the other; or do both simultaneously and then perhaps realise that there is an iterative process here.

2.45 p.m.

[165] **Llyr Huws Gruffydd:** Pa un fyddai orau gennych?

Llyr Huws Gruffydd: Which would you prefer?

[166] **Mr Owen:** Heb fynd drwy'r broses o edrych ar y ddwy ddogfen gyda'i gilydd a chymryd rhan yn y broses, nid wyf yn credu y gallaf roi ateb i chi i'r cwestiwn hwnnw.

Mr Owen: Without going through the process of looking at both documents side by side and taking part in the process, I do not think that I can give you an answer to that question.

[167] **Yr Arglwydd Elis-Thomas:** Diolch yn fawr i chi, ac rwy'n ymddiheuro eto ein bod ni wedi bod yn hwyr yn dechrau.

Lord Elis-Thomas: Thank you, and apologies again that we were running late.

2.48 p.m.

Ymchwiliad i'r Achos Busnes dros Un Corff Amgylcheddol—Tystiolaeth Lafar
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[168] **Yr Arglwydd Elis-Thomas:** Rydym wedi cael ymddiheuriad ar lafar gan Vaughan Gething ar gyfer y rhan hon o'r cyfarfod—nid wyf yn credu y bydd yn dod yn ôl.

Lord Elis-Thomas: We have received an oral apology from Vaughan Gething for this part of the meeting—I do not think that he will be back.

[169] Croesawaf y cwmwl tystion—diolch yn fawr i chi am ddod. Mae Nigel a Tony o Ddŵr Cymru, a Kath o Gydffederasiwn Diwydiannau Coedwigoedd. Croeso hefyd i Mike Harvey ac Alice MacLeod o Blanhigfeydd Coedwig Maelor Cyf. Diolchaf yn gyhoeddus i chi am y croeso a gefais yn bersonol wrth ymweld â'r blanhigfa yn ddiweddar, ac am eich parodrwydd i rannu â ni eich profiad a'ch agwedd arbenigol ar y busnes coedwigaeth.

I welcome our cloud of witnesses—thank you for coming. Nigel and Tony are from Dŵr Cymru, and Kath is from the Confederation of Forest Industries. I also welcome Mike Harvey and Alice MacLeod from Maelor Forest Nurseries Ltd. I thank you publicly for the welcome that I personally received on the recent visit to the nursery, and for your readiness in sharing with us your experience and your particular approach to the forestry business.

[170] Cychwynnaf gyda Dŵr Cymru. Fel cwsmer mawr i reoleiddio cyhoeddus—os caf ei roi felly—beth yw eich agwedd tuag at yr uniad arfaethedig?

Let me start with Dŵr Cymru. As a large customer of public regulation—if I can put it like that—what is your attitude to the proposed merger?

[171] **Mr Annett:** Ni yw'r cwsmer mwyaf.

Mr Annett: We are the largest customer.

[172] Our position, as the agency's largest customer, is that we are very much in favour of the merger, particularly the merger of CCW and the Environment Agency. We think that there is considerable scope for savings in the day-to-day running costs, which, as I said in my letter, are significant, being £10 million net or thereabouts each year. Savings will also come from a more streamlined and perhaps outcomes-focused approach to setting environmental standards.

[173] The environment of Wales is fabulously important. We play a big part in protecting and looking after that very important environment. From time to time, we feel that the rules-based approach that comes from the quite complicated regulatory environment does not necessarily deliver the best outcomes for Wales.

[174] As you know, the water industry in Wales—Dŵr Cymru—has been owned by Glas Cymru for the past 10 years. That means that all of the costs that we incur are picked up by our customers. Our objective is to do the job that we have to do as efficiently as possible, and we are making very good progress on that score. However, to continue to do so must mean that our running costs are kept as low as possible, but also that the investment that we carry out each year is definitely delivering the very best outcomes for Wales. We think that a new environmental body comprising CCW and EAW would be much more streamlined and could do a much better job for Wales and the customers of Dŵr Cymru who pay for this service.

[175] **Yr Arglwydd Elis-Thomas:** Hoffwn ofyn yr un cwestiwn mewn ffordd arall i Kath. A allet grynhoi dy amheuo yn glŷn ag effaith y newid ar Gomisiwn Coedwigaeth Cymru yn arbennig?

Lord Elis-Thomas: I would like to ask Kath the same question in a different way. Can you summarise your concerns regarding the impact of the change on Forestry Commission Wales in particular?

[176] **Ms McNulty:** Forestry's role is very different from that of CCW and the Environment Agency. We examined quite closely the pros and cons of the business case and our conclusion was that, on balance, the merger would be detrimental to the interests of the forestry and wood-using sectors. There is sense in the idea of bringing the Environment Agency and CCW together, but, as I said earlier, FCW is very different. That is mostly because CCW and the Environment Agency are regulatory bodies, whereas the Forestry Commission, although it has a regulatory role, is also a land manager in Wales, and a very large land manager at that.

[177] You cannot look at the forestry sector in Wales in terms of the private sector, which I represent, and the public sector, which is managed by the Forestry Commission; we are one sector and we work together very closely. The market for timber crosses the private and public sectors and we are very interdependent. I have gone into quite a lot of detail in my submission, and I believe that Catherine has circulated that paper.

[178] **Lord Elis-Thomas:** It arrived in the nick of time.

[179] **Ms McNulty:** If I may just skip to the conclusions, the comparison of the benefits outlined in annex 8 shows that almost half the increased benefits over the life of the project—that is, £17 million out of £37 million—gained as a result of favouring option 4, which is the merger of all three bodies, over option 2, which is the merger of CCW and EA, arise in row 6, namely savings on field workforce operations. No details are given as to whether the savings will come from CCW, EA or FCW. However, as option 2 excludes FCW, the implication is that these additional savings will occur in the Forestry Commission. If that is the case, how will the FCW programmes continue to be delivered under the new single environment body?

[180] The economic analysis fails to provide a convincing case for favouring option 4 over option 2. So, our conclusions are that the report is far from convincing in terms of including the Forestry Commission Wales within the new organisation, that there is virtually no disaggregated financial information that shows exactly where the different figures come from, and that several assertions made clearly do not apply to the Forestry Commission Wales.

[181] **Lord Elis-Thomas:** As representatives of a substantial company in the field of forestry production, Mike and Alice, would you like to indicate your concerns?

[182] Our concern is that we have a dwindling resource in Wales, and forestry must be based upon sustainability. Currently, it is not being managed in a sustainable way. I am talking about commercial forestry producing wood for timber. Our figures, which come from the Forestry Commission, show that the Assembly Government's investment in raw materials has diminished over the past 10 years. In other words, you have felled about 5 million tonnes of timber that you have not replaced. That resource is making a significant contribution to the gross value added of Wales. We are questioning whether that resource will be there for future generations—that is, beyond 2020. What we fear is that there will be a conflict of interest within the single environment body, and a misunderstanding between what we would term conservationism and environmentalism. Environmentally, the case for forestry and for producing wood for timber, is very strong, and it is featured within the Welsh woodland strategy. We are very encouraged by that strategy, but we are cynical about whether it will be delivered, because the servants who are tasked with delivering it seem to have a different agenda to the one that is set in the policy. That is what we are seeing on the ground. I gave an example of one new planting scheme, a woodland creation scheme, that was supported by Forestry Commission Wales and yet was blocked by the Environment Agency. What concerns us is the question of who will have the dominant role within the new body. What views will dominate? If the woodland strategy wins through, and is implemented, that would be good news for the people of Wales and for forestry. At the moment, the figures and the

facts on the ground show that it is not being delivered, and with Forestry Commission Wales being absorbed, the fear is that it could get even worse. That is our concern. Planting levels are down: we have planted a mere 300 ha against a target of 5,000 ha. The evidence is there, ladies and gentlemen. Government policy is not being delivered. Will the new body deliver it? I think that it is a cultural thing.

[183] **Antoinette Sandbach:** I wanted to ask an initial question to Welsh Water. In your evidence, you clearly outline that you are not persuaded as to the merits of including the Forestry Commission Wales in the SEB. I would like to ask you as a business whether the business case that you have seen adequately identifies the risks in trying to merge three different bodies as opposed to two. What concerns do you have about that, not from a non-forestry perspective, but from a delivery perspective?

[184] **Mr Annett:** I will start by saying that we have not gone into the last details of the business case as presented. I have to point out that, from a Dŵr Cymru point of view, it was not as detailed as one would have expected, particularly in terms of the numbers. Whenever I see numbers that are brought back into present values through discounting, my previous experience tells me that that can be the first sign of—how shall I put this politely—somebody trying to cover up something. If you capitalise things, it puts savings a long way into the future and does not put much value on the savings that are in the near term. However, from a superficial look at the proposals, putting three organisations together is several times more complex than putting two together, and, from our experience, the overlap between CCW and EAW is significant, but the overlap with Forestry Commission Wales is much less significant. That only adds to the complexity of it. The timeline that has been put forward for this new body to be established is lengthy from a private sector point of view. It seems to be done by committee; there does not seem to be much ownership of it. Our instinct would be to just do it and get on with it. We combined in effect three organisations 18 months ago, involving the transfer of 1,800 people, and it was done in four weeks. You just get these things done. So, that is the worry that we have. As I say, I do not understand how Governments work, so there is obviously a much more difficult way to do these things.

[185] **Antoinette Sandbach:** You presumably knew what your aim and strategy was before you combined those three organisations, rather than making the decision to combine and then deciding what your aims and governance structures would be.

3.00 p.m.

[186] **Mr Annett:** There is a great deal of pressure as well. I go back to the business case, and I will keep banging on about it, I guess, because this is a costly activity. The cost is borne by a lot of people who cannot afford to pay their water bill, so we are obsessed with reducing our costs to pass that back to our customers. We are the only company that has reduced its costs in the past 10 years, since we became a not-for-profit company, and we have a target to reduce our operating costs by 20% in the next five years. That is £39 million in savings between now and 2015. These are big savings to be achieved and we would like people to get on with it to help us to achieve that target. These savings would be very important towards our achieving that objective, if I can put it that way. That is an instinctive remark rather than a detailed reply. Combining three organisations where the overlap is not self-evident makes us wonder whether it will get in the way of some easy-to-find savings that could help everyone.

[187] **Antoinette Sandbach:** Kath, you are here as the representative of a number of industries. Do you feel that the views expressed by those industries are reflected adequately in the business case? What do you think are the possible consequences if FCW is included and somehow this process gets it wrong?

[188] **Ms McNulty:** The industry took part in the natural environment framework

consultation last year. There were two questions in the consultation. One was about changing organisations and the other was about the natural environment framework. Everyone in the forestry industry understands sustainable development. Forestry is at the heart of sustainable development and it is something we all subscribe to. However, at that time, we did not see a need for organisational change. Our views were completely ignored really in how things proceeded from then on. All of the preparation this year leading up to the decision that Minister took in November was very much a case of our banging on the door of civil servants demanding to be heard, if not listened to. It was really quite a difficult process. I know that it is a bit of a cliché to say that the cart has been put before the horse, but that certainly seems to be the case. With the forthcoming consultation on a single environment body, we are perhaps going to have a chance now to put our views across. However, I would have preferred it had the consultation happened beforehand.

[189] On the second part of your question about what will happen, if we proceed with a single environment body, we will do everything we can to ensure that the people designing the new body are aware of our concerns, whether they are about regulation, sustainable timber or all the other benefits we currently get through the Welsh forestry strategy. At the moment, the main lead on that is the Forestry Commission. We will ensure that, as much as we can, things will proceed in a way that continues to deliver forestry benefits for Wales. The difficulty with merging three organisations into a bigger organisation is that, instead of having reduced regulation and streamlined processes, you end up with more difficult processes and perhaps more complicated regulation. That is our concern.

[190] **Antoinette Sandbach:** Mike and Alice, do you have any views on this that you have not already expressed?

[191] **Ms MacLeod:** With regard to whether we have been consulted, we found it quite surprising to know that 80% of forestry businesses employ fewer than 10 people. Knowing that, it is not surprising that it is a bit more difficult for them to provide useful feedback to this sort of consultation compared with conservation charities, which are perhaps more set up for doing that and which can provide more useful, put-together evidence. We are quite lucky in that our firm employs 40-odd full-time staff, so it is large enough to put in the resources on something we feel quite strongly about. However, that is quite lucky and quite rare. That is possibly one of the reasons why the forestry part of this has come across differently from the two other bodies that have mainly been consulted.

[192] **Mr Harvey:** In our paper, we say that the big concern—again touching on the culture—is that forestry would be overlooked despite its sustainable economic potential, because, currently in Wales, forestry is seen as to do with recreation and conservation while productive forestry is on the margins. We think that that is wrong. Productive forestry should be right in the centre of things. Multifunctional forestry is just that: multifunctional, and that includes commercial forestry.

[193] **Ms MacLeod:** That said, at the moment, forestry provides 2% of the GVA of Wales, which is almost double the figure in Scotland, which is a country that is investing a lot in forestry. However, that is from unsustainable felling. It is unsustainable because it is not being replanted, due to various well-intentioned thoughts on the topic from lots of different people. That is quite surprising: it is 2% here and 1.1% in Scotland, while 0.7% is the average for the UK.

[194] **Rebecca Evans:** Do you have concerns about any potential loss of expertise or loss of the relationships that you have with the bodies concerned should there be a single environment body? We have heard something about that today.

[195] **Mr Harvey:** We have major concerns. A great deal of our business has been built

upon forestry research that has been done on tree breeding by an external body. We have been listening to the debate about how that information would be bought in to the SEB. However, what about the private sector? If those bodies disappear, where is our role? We have not seen that in the business model. That is a concern.

[196] **Ms McNulty:** Forestry Commission Wales is part of Forestry Commission GB, although, following devolution, forestry was one of the first areas to be entirely devolved to the Welsh Government. Therefore, although Forestry Commission Wales works very much to a Welsh agenda, it is still part of this UK body, and that brings quite specific benefits. Mike has mentioned forest research. Colleagues have looked through the forest research figures, and, in Wales, we are in receipt of about £2 million-worth of forest research benefits. However, we pay only about £270,000 towards the GB pot. The concern would be that we would no longer get as many benefits. If we put only £270,000 into the pot, we are not going to get £2 million-worth of research benefits if we are no longer part of that GB set-up. It does not have to be as rigid as Forestry Commission GB as it is set up now, but forest research is something we need to ensure that we keep.

[197] We all hate statistics, but, ultimately, they are quite useful. Alice has been quoting statistics, and at the end of the day they give us a sense of where we are in the world. For example, in Wales, 15% of our country is covered in forests, compared with 37% across Europe. That gives us an idea of where we sit in the world. Forestry statistics are done at a UK or GB level. Again, it is important that we keep that. You are probably familiar with the UK forestry standard and the certification schemes. If we start bringing those down to a Welsh level, it will become so small. I feel that it is important to have a UK standard for this.

[198] Finally, on plant health regulations, at the moment, forestry is suffering from *Phytophthora ramorum*, which is decimating our larch trees. It is really valuable timber—a nice looking conifer that is deciduous. Who knows what is going to happen next? Unfortunately, trees take a long time to adapt to climate change. Birds stand a chance, in a way, because they can up and move, but it takes quite a long time for trees to adapt. We need to maintain those links and ensure that we know what is about to hit us if it is coming from another part of the country.

[199] **Llyr Huws Gruffydd:** Roedd gennyf ddiddordeb mawr ym mhrofiad Dŵr Cymru o uno tri chwmni, neu dair elfen, mewn mater o wythnosau, gyda chynifer o staff yn dod at ei gilydd. Faint o amser a gymer corff newydd o'r fath i setlo ac i ddod yn gorff sefydlog sy'n gweithredu'n effeithiol ac yn effeithlon?

Llyr Huws Gruffydd: I was very interested to hear the experience of Dŵr Cymru of merging three companies, or three strands, in a matter of weeks, with so many staff being brought together. How long do you think it would take for a new body to settle and become established, effective and efficient?

[200] **Mr Annett:** I do not know, Llyr. [*Laughter.*] Our experience is that we are going through change all the time—some of it is big change and some of it is small change, but there is continual change, because you are always trying to find ways of doing things better in terms of efficiencies and so on. In our case, we brought different organisations together quite quickly. There was then a tail, in terms of making sure that the right people were in the right posts. We also lost about 200 posts as a result of the combining. When we first set up Glas Cymru, we outsourced everything, but after 10 years we have brought it all back together again. So, that is what we are talking about when we talk about merging three organisations.

[201] With regard to how long it will take, how long is a piece of string? It can be done quickly, but it requires decisive action and clear leadership. As Antoinette said, a very clear agenda is needed as to the purpose and what will be achieved by when, with deadlines—we had a 'first 100 days' approach. That is how you get these things done.

[202] Organisational change requires quite tough decisions to be made, because it involves many people. Perhaps I am echoing what was said earlier, but from looking in from the outside at the situation, there appears to be a vacuum. The sooner that we have a chairman, a chief executive, a board, governance in place and a very clear agenda of what is to be achieved by when, the sooner we will get rid of all the uncertainty. The worst thing that can happen in these circumstances is continuing uncertainty. If there is something that people do not like, fine, but get it over and done with rather than let it fester for months and months.

[203] **Llyr Huws Gruffydd:** Rydych wedi cyffwrdd ar arweinyddiaeth, ac mae hynny'n thema yn eich papur. Rydych wedi sôn bod angen sicrhau bod strwythurau llywodraethiant yn eu lle yn fuan. A oes gennych unrhyw syniadau neu awgrymiadau ynglŷn â pha strwythurau yr hoffech eu gweld?

Llyr Huws Gruffydd: You touched on leadership, and that is a theme in your paper. You have said that there is a need to ensure that governance structures are in place early on. Do you have any ideas or suggestions as to what structures you would like to see?

[204] **Mr Annett:** Not particularly. There is plenty of best practice around as to what works and what does not. Glas Cymru is owned on behalf of the people of Wales; we are looking after an industry worth £25 billion for generations to come, because that is what we do. We are looking for as many ways to be accountable for that purpose as possible. As part of Glas Cymru, we set up a membership, which is working much better in practice than it does in theory, if I can put it that way. Our expectation was that the membership would have a rush of enthusiasm that would tail off over time. However, 10 years on, we have found that our members are as enthusiastic, committed, challenging and engaged as they were at the beginning, despite the fact that we have gone through two or three generations of members.

[205] In thinking about today's discussion, it struck me whether you could do something that is equivalent. I would not suggest that you ape what we have in Glas Cymru, but an idea along those lines might be appropriate for the new body. I previously sat on one of the local boards that were mentioned in earlier evidence. My reflection on that experience was that we never really knew what was good, bad or middling in terms of performance. Someone mentioned key performance indicators or performance metrics, but we did not have that—we tended to spend our time discussing current policy issues rather than looking at whether the organisation was performing well. We have to present all the metrics that we are held to account against to our members, and ask how we are doing against each—good, bad or middling? We invariably spend all of our time focusing on the ones that are not going well rather than the ones that are. It would be very important to have that type of arrangement with the new body so that you are accountable to a cross-section of bodies, rather than the usual suspects. That is just a bit of experience to share with you, Llyr.

[206] **Llyr Huws Gruffydd:** Diolch am hynny. A oes gan rai o'r tystion eraill unrhyw sylwadau i'w gwneud ar y model neu'r trefniadau o ran llywodraethiant?

Llyr Huws Gruffydd: Thank you for that. Do any other witnesses have comments to make on the governance model or arrangements?

[207] **Mr Harvey:** As mentioned earlier, you need a strong leader that establishes a culture that delivers Government policy. That is really important.

[208] **Ms MacLeod:** If there is internal conflict, how will it be resolved and by whom? Everyone who is sitting here giving evidence will say that there is not that much detail in the business case about how it will work. That is a real concern, because some examples of conflict can already be drawn out between how certain bodies are working. Exactly how they are resolved and who picks the solution will have a massive impact on the whole body's end result.

3.15 p.m.

[209] **Mr Harrington:** I am very much the new boy. I have been with Dŵr Cymru for only one month. Before that, I was policy director at DEFRA looking after the research on *Phytophthora ramorum*, so I am very familiar with those issues. I want to raise a couple of points. First, regardless of how the new body is constituted, diseases such as *Phytophthora ramorum* do not respect national boundaries, so it is essential that the new body works with other research agencies, whether within Government or outside Government, across the European domain, and particularly in England, obviously. So, whether FC is part of it or not, there are equally similar issues on the water side, on the soil side and on the farming side, so that integrated approach is really important.

[210] That brings me to my second point, which I did not hear being referred to while I was in the gallery. The regulatory framework that we work under from Europe is becoming increasingly integrated. This is particularly true of the water framework directive, which mandates member states and competent statutory authorities to look in a very holistic way at the way that large catchments are managed. Historically, we have come from a regulatory framework that looked at shellfish, in isolation from bathing waters, in isolation from freshwater fish and so on. That is not the case any more. So, I would be very supportive of any structural changes made to the regulators, such as the one being proposed here, because they are very sympathetic with regard to the way that the regulations themselves require those bodies to act. Anything that brings together people who deal with water quality issues—from the use of some chemicals in the forestry industry, for example, to nitrates in agriculture, to fisheries issues to do with sewage discharges or whatever in rivers—must be a good thing for Wales and for the community as a whole.

[211] So, I look forward very much to working with the new SEB—whatever it is—in looking holistically at those issues. That is what we do as a company—we look at soil, fish, forestry, plants and so on. That way of working would be much more aligned to the way we work. Consequently, there are efficiencies, perhaps not in terms of money, but in terms of the way we deal with regulations, the way we deal with customers, the way we do communications and so on, which can only be of benefit to the people of Wales.

[212] **Gwyn R. Price:** Are you satisfied with the six assessment criteria used in the business case to assess the different options, or are there other criteria that should have been considered? Do you believe that the weightings given to different criteria by the business case are appropriate?

[213] **Mr Annett:** I cannot remember what the criteria were.

[214] **Mr Harvey:** Outcomes for the environment had a weighting of 35%.

[215] **Ms McNulty:** Yes, and 15% was the focus for Welsh Government priorities.

[216] **Mr Annett:** I do not have a particular view. It is just not the way that I would do things. It is a very theoretical way of looking at these things. I would look at these things and ask whether two bodies that are currently separate—I am thinking of EA and CCW—can do a better job joined together. In my view, the answer is ‘yes’, so let us get on with it. Doing this detailed analysis and weightings for different criteria all feels a bit academic to me, I have to tell you. It is not how we do things.

[217] **Lord Elis-Thomas:** Is it not derived from some obscure Treasury model for how to present business cases to Ministers? Someone is saying ‘yes’.

[218] **Mr Annett:** You have answered my question. I rest my case.

[219] **Lord Elis-Thomas:** I am not here to answer questions. [*Laughter.*]

[220] **Ms McNulty:** I have to say that I found that particular section slightly confusing, particularly with regard to the weightings. We are talking about sustainable development, so I would have expected an equal weighting for the social, environmental and economic elements, but that did not seem to be the case. However, I am not sure how they actually applied that and how it translated through the business case.

[221] **Gwyn R. Price:** So the answer is that you do not know.

[222] **Mr Harvey:** Multifunctional forestry has outcomes for the environment, people, business and the economy. How do you measure that? That is why it does not make sense.

[223] **Mick Antoniw:** I am very much in agreement. I have seen this in other models—you add an extra 10% here, and take away 10% there, and it does not really work. Is not the crux of this—addressing myself to Nigel Annett and to Tony—that you can do almost anything that you want, but at the end of the day, it boils down to the quality of the leadership that you have in implementing what you are doing? That is the ultimate challenge.

[224] **Mr Harrington:** Absolutely. One of the things that attracted me to Dŵr Cymru was the leadership, the way that we have very strong non-executive directors from a background relevant to our needs, and the weight that they have at the board. Again, whatever you constitute in terms of the leadership, that sets the tone for the rest of the organisation and is vital to its wellbeing. If you get that wrong, no matter how brilliant the processes are, you are lost. You have to look at the leadership, strategic direction and terms of reference of the organisation in terms of what it will actually deliver for the people of Wales. That, to me, is the single most important first step that needs to be taken. After that, we can all get behind it and work as partners, and so on.

[225] **Mick Antoniw:** Perhaps you could expand upon the use of non-executive directors on the board to inform the sorts of recommendations or comments that may come out of this inquiry. It seems to me that the degree of input from specialists with real knowledge of the industry working collectively is almost at the core of this. It is almost as important as the individual chairperson themselves.

[226] **Mr Harrington:** That is absolutely right. You have hit the nail right on the head. Having the right non-executives, for any company, is vital to its wellbeing, governance and a load of other issues.

[227] **Mr Annett:** I would only add that one should not be looking for regulatory experts to be non-executive directors. The wider the gene pool, the better, in all respects—gender, background, and so on. For example, you certainly would not want a solely Welsh board. It is important that as many perspectives as possible are brought to bear, and as this new organisation is being established, people with experience of the complexity of establishing a new organisation, getting it up and running and all the rest of it would, in my view, be way more important than people who happen to be experts on environmental regulation, for example. It is about organisational skills.

[228] **Mick Antoniw:** There is sometimes a danger of looking in too narrow a context at who you want on these boards, and it seems to me that there is a fundamental link between what is happening in England and what is happening in Scotland. No matter what may be happening constitutionally, the countryside and the world still operates with all sorts of cross-border issues and common interests. Would you see that as another area from which to get

non-executive input, to maintain a degree of expertise and links with those other units that, to some extent, we will have to rely on?

[229] **Mr Harrington:** Absolutely, whether it is in the field of plant health research or on a water quality issue, or farming, it is essential that those links are maintained.

[230] **Mr Annett:** Just to add to that, one thing that we are always a little nervous about is one-on-one regulation. It would be unhelpful for the regulatory burden in Wales to diverge dramatically from the requirements in other parts of the United Kingdom. There is no question in my mind that business and investment coming to Wales is informed by the regulatory environment. If it is more challenging or demanding, or less efficient—which is another way of putting it—or if there is more regulation, that would be bad for Wales plc. Again, having leadership and governance that ensures that regulation in Wales remains competitive, if I can put it that way, is terribly important. That will only come from having perspectives that are as wide as possible.

[231] **Ms McNulty:** Just to follow on from what Nigel was saying, I see this as the one area where the single environmental body has potential. All these sectors are regulated. For example, in forestry, if a forest manager wants to do something in his woodland, he has to consult the Countryside Council for Wales, the Environment Agency and Forestry Commission Wales. If only we could simplify that, if that was the one thing that we got out of this new organisation, then we would all be grateful for it.

[232] **Lord Elis-Thomas:** I am sure that friends of mine who are trying to develop small hydro in the mountains would say exactly the same thing. They are looking for three or four different permissions from different consent bodies. That comment was just in passing.

[233] **William Powell:** From what Tony and Nigel said, it sounds that there is a lot of common ground between the need for non-executive involvement and the message that we heard this morning from the chair of the sector panel, which I referred to earlier, with regard to bringing in expertise and diversity of experience. Would you agree that it would be helpful to draw on that expertise from, say, the sector panels, which consist of people with non-executive experience, at early stages of the game before it is too late?

[234] **Mr Annett:** I am part of Kevin's sector panel for energy and environment, and Kevin is a very capable individual, as you will have seen. You do not need to be prescriptive; there is good guidance and best practice as to what constitutes good governance, and there are ways in which you can achieve that. I would not suggest that this committee, or others for that matter, should be prescriptive as to what that looks like, but I will say that you will know what good governance looks like when you see it. Good boards, in my experience, generally foster good successor boards as well. The first board is important because if it starts off on the wrong foot, it will tend to perpetuate itself in future. When we set up Glas Cymru, we were lucky in having a strong board from the start and, despite a number of changes since then, it has stayed strong. A strong board will attract strong candidates and people who have reputations at stake, which is important. They will put their reputations at stake with organisations that are effective and well respected and that are strong and well governed. If you have a weak organisation to start off, who would want to be part of it?

[235] **William Powell:** I have a final question in relation to the comments that Alice made about the dominance of some of the earlier committees that may have been involved in formulating the business case. You said that there was a tendency for the committees to be from the public sector and not so much from the forestry sector, where the typical number of employees is quite low. This ties in with something that was brought to me by Mr G.T. Evans of Montgomeryshire, who has been in the forestry industry since 1945. He feels vehemently about this issue. He has a small company and he was passionate about the lack of connection

with the front line. How can that best be addressed at this stage, while the Government's arrangements are not finalised? How can that best be represented at top level?

[236] **Ms MacLeod:** That is a good question that we are hoping to have answers to, rather than one to which we have solutions.

[237] **Mr Harvey:** The forestry industry is not listened to. It is a great pity because we can see that Wales plc will suffer if that is allowed to continue. When you say that there will be one point of contact, which is an idea that I heard in the earlier session, what advice can someone who has no knowledge of forestry give to someone who is looking to manage their woodland? I do not quite see how this one point of contact would operate on the ground. It would be marvellous to see it happen, but in all of these things, it is the delivery that matters and I cannot see how you will deliver that.

[238] **Ms McNulty:** On 9 February, we are organising an event for the industry, which will help small organisations and companies to respond to the consultation. We did something similar last year. Many companies responded to the consultation on the natural environment framework and felt that they were not listened to. An easy way for the Government to show the forestry sector that small companies in Wales are being listened to would be the way in which it deals with the results of the consultation. We need to see a reflection of what we have said. It does not mean that what we say has to be, but we need an acknowledgement of what we have said during the consultation. I hope that that is something that you can influence.

3.30 p.m.

[239] **Mr Harvey:** The reason why it is important is because forestry is a long-term business and it needs stability. If you are chopping and changing, confidence is lost, and without that, there will be no investment or continuity, and that is harmful.

[240] **William Powell:** That is a thread that has run through today's discussions.

[241] **Lord Elis-Thomas:** The reason that you are here today is because we are here to listen to you, and I hope that you will feel that you have had an opportunity to have your say. You will have one further opportunity when I ask what may be the final question in this session. We will be considering our recommendations on this issue quickly, because we are within a set timescale, as we have been today in our evidence taking. What would you prefer us to recommend in relation to the business case as it affects the forestry industry and the water industry? Shall I start with Tony this time, since you might feel that you have not been allowed sufficient time to speak? I will try to make up for it now.

[242] **Mr Harrington:** I am very happy with the time that I have had to speak. Our position is that we want it done swiftly and if that means that the Forestry Commission is not at the party, then that is what it means. From an environmental point of view, it makes a lot of sense to have it in the group simply because, as I mentioned earlier, we need to look at the environment in a more integrated way, and not having the Forestry Commission at the party does not quite tally with that. However, from what I have heard, there are a whole host of issues as to why you may or may not want to have it in on day 1. What I would say is that, if the Forestry Commission is not part of it, it would need to have a brother-sister relationship with the new body in some way, shape or form, so that a lot of the benefits can be accrued, even if it is not part of the fabric of the organisation.

[243] **Lord Elis-Thomas:** Directing this towards Nigel, I did detect a slightly sceptical attitude towards the activities of Government in some of the answers that you gave. I think that we have had this discussion before. Do you think that it is possible for a new body,

created by Government, to respond in a more creative way to the commercial demands of other parties, especially the forestry part?

[244] **Mr Annett:** You are right; I am rather sceptical. I am reminded, Dafydd, of the arguments that were put forward when the Welsh Development Agency was brought into the Welsh Government and that was, partly, to make the Welsh Government a bit more commercial. This is probably very unfair, but when the WDA was around, it was feared around the world as a powerful body that could bring in inward investment, and it has been lost. So, the notion somehow that the commercial activities would benefit does not, on the face of it, make sense, although I agree with Tony that on the regulatory side of forestry, there is obviously a case for a single body. I am not very close to this, but I must say, from experience, that I do not buy any argument that bringing commercial bits into the regulatory body will make it more commercial and more effective in and of itself.

[245] **Ms McNulty:** In preparation for today's evidence session I was speaking to some members yesterday, and trying to get them to look forward at the new single environmental body, the governance, and the cliff face of everything that is happening. I am aware that my friend Ben Underwood suggested having one point of contact for everyone, so you would speak to one officer, and that person would deal with all the regulation and legislation issues. However much my members tried to think about a rosy future under the single environmental body, they kept coming back and saying, 'It's going to be a nightmare'. Although the Forestry Commission is not perfect, at least we have people who are experts in forestry and understand it. We need to merge CCW and the Environment Agency and keep a separate Forestry Commission. All those officers, although they have specialisms, also have an overarching idea of sustainable development, and an understanding of the bigger picture, so we will be able to break down those silos and move forward in a way that is really beneficial to bringing sustainable development to Wales.

[246] **Ms McLeod:** I agree with Kath in that respect. If sustainable development is the thing that everything is based on, which it is, then whether they are merged or not, every employee of the new body—if it is formed as a new body—would have all of these things as their goals. So, no-one will be solely in charge of making timber or of looking after endemic species; everyone will have to consider everything. If that can happen, then it is brilliant. The business case, as it is written, sounds like it could work really well, but it is just that getting it to happen will be quite hard. If someone who is, say, half way up, who is very influential and has an agenda of their own, that may bring a lot of things crashing down. That is not our job to work out, but it is our concern. So, it could potentially be really good, but we do have that concern.

[247] **Mr Harvey:** I endorse that. What the business plan is saying regarding the outcome with regard to sustainable delivery is great. It has not been delivered in the current organisation, but if it can be made to happen, then that would be good.

[248] **Lord Elis-Thomas:** I thank all of you for your contributions. It has been a fascinating session in that so many aspects of the discussion have sparked off each other, so to speak, as we hoped it would. Diolch yn fawr.

[249] There will now be a short break while we connect with the wonderful world of Penrhyndeudraeth—at least I hope that we do.

*Gohiriwyd y cyfarfod rhwng 3.36 p.m. a 3.46 p.m.
The meeting adjourned between 3.36 p.m. and 3.46 p.m.*

Ymchwiliad i'r Achos Busnes dros Un Corff Amgylcheddol—Tystiolaeth Lafar
Inquiry into the Business Case for the Single Environmental Body—Oral
Evidence

[250] **Yr Arglwydd Elis-Thomas:** Yn y rhan hon o'r sesiwn, rydym yn croesawu'r tystion o Gymdeithas Llywodraeth Leol Cymru ac o Awdurdod Parc Cenedlaethol Eryri ym Mhenrhyndeudraeth. Rydym wedi derbyn ymddiheuriad gan Rebecca Evans a Vaughan Gething ar gyfer y rhan hon o'r cyfarfod.

Lord Elis-Thomas: For this part of the session, we welcome witnesses from the Welsh Local Government Association and from the Snowdonia National Park Authority in Penrhyndeudraeth. We have received apologies from Rebecca Evans and Vaughan Gething for this part of the meeting.

[251] Dechreuwn gyda chwestiwn cyffredinol i chi. A ydych o'r farn i ymgynghoriad digonol gael ei gynnal ynglŷn â'r broses hon, wrth i'r cynllun busnes gael ei baratoi, o'ch safbwynt chi fel awdurdodau lleol? Dechreuwn gyda'r parc cenedlaethol ym Mhenrhyndeudraeth. Aneurin, ai ti sydd am gychwyn?

We shall start with a general question for you. From your perspective as local authorities, are you of the opinion that the consultation undertaken for this process was adequate during the preparation of the business plan? Let us start with the national park in Penrhyndeudraeth. Aneurin, do you want to start?

[252] **Mr Phillips:** Gwnaf, os caf. Prynawn da i chi i gyd; gobeithio eich bod yn fy nghlywed yn iawn o Benrhyndeudraeth.

Mr Phillips: I will, if I may. Good afternoon to you all; I hope that you can hear me clearly from Penrhyndeudraeth.

[253] **Yr Arglwydd Elis-Thomas:** Rydym yn eich clywed.

Lord Elis-Thomas: We can hear you.

[254] **Mr Phillips:** O ran yr ymgynghoriad, roedd Emyr Williams ar y grŵp cyfeirio a oedd yn ymwneud â darparu'r achos busnes. Emyr oedd yn cynrychioli awdurdodau'r parciau cenedlaethol yng Nghymru.

Mr Phillips: With regard to the consultation, Emyr Williams was on the reference group that was involved with preparing the business case. Emyr represented the three national park authorities in Wales.

[255] Rydym yn fodlon ein bod ni wedi cael cyfle i fwydo i mewn drwy Emyr, ond fel tri awdurdod, ni chawsom gyfle i weld yr achos busnes cyn i'r Gweinidog benderfynu yn ei gylch. Efallai fod Emyr am ychwanegu at hynny.

We are satisfied that we have had an opportunity to feed in through Emyr, but as three authorities, we did not have an opportunity to see the business case before the Minister's decision on it. Perhaps Emyr can add to that.

[256] **Mr Williams:** Mae cynllun cyfathrebu penodol wedi cael ei ffurfio gan Lywodraeth Cymru ar gyfer yr un corff amgylcheddol a'r fframwaith amgylcheddol cenedlaethol. Mae'n dilyn hwnnw. Rydym yn cael y wybodaeth a'r cyfle i roi sylwadau. Mae rhai sylwadau i'w gweld wedi treiddio drwodd, ond nid pob un, wrth gwrs.

Mr Williams: The Welsh Government has developed a specific communication strategy for the SEB and the NEF. It is following that. We have the information and the opportunity to make comments. Some comments appear to have filtered through, but not all, of course.

[257] **Yr Arglwydd Elis-Thomas:** A oes rhywbeth y dylem edrych arno yn arbennig, Emyr?

Lord Elis-Thomas: Is there anything in particular that we should look at, Emyr?

[258] **Mr Williams:** Nid wyf yn meddwl, achos mae dau gyfle ychwanegol i ddod gyda'r ymgynghoriad ar y Papur Gwyrdd, sy'n dod allan ddydd Llun, ac wedyn, yn nes ymlaen yn y mis, drwy'r ymgynghoriad manylach ar y corff yn benodol.

Mr Williams: I do not think so, because there will be two further opportunities with the consultation on the Green Paper, which is due out on Monday, and then, later in the month, as part of the more detailed consultation on the body specifically.

[259] **Yr Arglwydd Elis-Thomas:** Beth am y ddadl a glywsom fod yr ymgynghoriad ar y Papur Gwyrdd ar y fframwaith cyffredinol a'r bwriad i greu un corff amgylcheddol ill dau wedi digwydd mewn trefn nad yw'n ddefnyddiol i'r drafodaeth ac y byddai'n well pe byddai'r fframwaith wedi bod ar gael ynghynt? A oes rhywbeth yn y ddadl honno?

Lord Elis-Thomas: What about the argument we heard that the order in which the consultation on the Green Paper on the general framework and the intention to create a single environment body have happened has been unhelpful and that it would have been better had the framework been made available earlier? Is there anything in that argument?

[260] **Mr Phillips:** O ran y parciau cenedlaethol, dywedwn yn ein datganiad ysgrifenedig y byddai wedi bod yn fanteisiol gweld y fframwaith amgylcheddol cyn i'r penderfyniad ar y corff newydd gael ei wneud. Nid wyf o'r farn bod hynny'n angheuol. Byddai'r ffordd arall wedi bod yn ffordd symlach a mwy rhesymegol, ond mae'n rhaid gwneud penderfyniad rywdro, ac rydym ni'r parciau cenedlaethol yn croesawu sefydlu'r corff amgylcheddol newydd hwn.

Mr Phillips: With regard to the national parks, we say in our written statement that it would have been advantageous to have seen the environmental framework before the decision on the new body was taken. That is not a fatal flaw in my view. The other approach would have been simpler and more logical, but a decision has to be taken sometime, and we in the national parks welcome the establishment of this new environmental body.

[261] **Lord Elis-Thomas:** I turn now to you, Craig Mitchell, on the question of the adequacy of consultation with local government.

[262] **Mr Mitchell:** I think that the issue is complicated by the fact that we seem to have these parallel processes in which the 'A Living Wales' NEF was progressing while the consultation, or debate, on the single environment body was ongoing. From our point of view, there were some issues and concerns about how the two processes fed into one another and interrelated. Latterly, that has been brought together in a more coherent way through the reference group that Emyr has spoken about, but our engagement has mainly been with the natural environment framework process, the regulatory sub-group and the communication and engagement group within that. We have had specific dialogue around the business plan, both at an event where we had strategic environment directors from authorities involved, but also in discussions with Assembly Government officers. However, that discussion has primarily been around the interface between local authorities and the areas the single environment body would potentially operate within, and the potential for functions to move between different elements of that structure, and how that relationship might work going forward.

[263] **William Powell:** The Welsh Local Government Association, in its evidence, expressed some concern about the potential for uneven delivery of service during the transitional period that will apply. I wondered whether other witnesses would like to comment on the danger of a problem arising from that. In the previous evidence session, some of our witnesses suggested that a shorter, sharper transition period might be beneficial. Would any witnesses like to give a view on the possible benefits of a shorter, sharper approach?

[264] **Mr Mitchell:** I will start and perhaps others will come in. From our point of view,

that is a significant risk, because this merger process will take up a lot of resource. We have heard mention of between 50 and 100 staff being involved in the 13 or so work streams relating to the detailed processes, so there is a real danger there. In terms of the transition period, our basic position is that it should be done as speedily as possible. That is the best outcome, because we need clarity and understanding of the different roles and relationships. That would prevent any potential loss of morale or other unforeseen issues within the organisation. The only caveat is that there is a technical process underpinning this, which is working through all the environmental legislation and transferring the roles and responsibilities. That will take time, and it has to be done in an appropriate manner, so given those different tensions, the likely vesting date of April 2013 seems broadly sensible.

[265] **Ms Fradd:** The key for me, as someone who is responsible for front-line services, is the business continuity. If we have a flood, we are the ones out there who have to deal with it, and we need to be able to draw on the necessary expertise. A key worry for us is that the longer this period of transition, the more likely you will have restless staff who will walk, and they could have the necessary skills. I am not sure how quickly they could be replaced, and I am not sure how quickly we could draw on skills from England to replace that loss. That is key for me in terms of how we manage some of those aspects.

[266] **Yr Arglwydd Elis-Thomas:** A oes **Lord Elis-Thomas:** Do you have any unrhyw sylw, Aneurin? observations, Aneurin?

[267] **Mr Phillips:** From our perspective, the issue of continuity of contacts and service delivery during the transition period between now and April next year, and, in fact, beyond that in the short-term future, is critical to the way in which we as national parks in Wales work. We have to work in partnership with organisations to deliver park purposes, and the ability of CCW and the Forestry Commission in particular to continue to deliver locally is going to be critical.

[268] On the timescale, I take the view that when you reorganise a public body it normally takes about 15 to 18 months, unlike in the private sector perhaps, and the timetable is certainly ambitious in my view. Nevertheless, it is the correct timetable because you need to reduce the period of uncertainty for staff and partners. Therefore, it is paramount that the change is managed effectively. The appointments of the chief executive, the chairman and the board are paramount. Clear objectives need to be set and a clear programme for change needs to be adhered to. It is a critical time. I have to say it is a daunting task for those involved.

[269] **Mr A. Davies:** Un pwynt hoffwn ei **Mr A. Davies:** One point that I would like to wneud yw ein bod eisoes yn gweld yr effaith. Mae cyfeiriad eisoes wedi cael ei wneud at staff allweddol yn cael eu trosglwyddo i roi sylw'r prosiect penodol hwn, ac mae hynny'n golygu ein bod yn gweld newid yn y personél rydym yn ymdrin â hwy. Mae'r rhaglen yn weddol uchelgeisiol, ond mae'n rhaid dweud, o brofiad o weithio ar brosiectau cydweithio o fewn awdurdodau lleol, os yw'n mynd i gael ei sefydlu, gorau po gyntaf bod hynny'n digwydd. Mae'n rhaid rhoi'r ysgwydd tu ôl i'r cart er mwyn ceisio sicrhau ein bod yn dod allan o unrhyw rigol rydym yn teimlo ein bod yn sownd ynddi. make is that we are already seeing the impact. Reference has already been made to key staff being transferred to cover this specific project, and that means that we are seeing a change in the personnel whom we deal with. The programme is quite ambitious, but I have to say that, from experience of working in co-operative projects in local authorities, if it is to be established, it should be done as soon as possible. We need to put our shoulder to the wheel in order to try to ensure that we can get out of any rut that we feel we may be stuck in.

[270] **Lord Elis-Thomas:** I suppose that I ought to welcome you back, Rebecca, now that you have reappeared. Would you like to come in at this point?

[271] **Rebecca Evans:** I will in in a little bit, if that is all right.

[272] **Lord Elis-Thomas:** That is fine. So the apology is withdrawn.

[273] **Rebecca Evans:** Yes. I apologise for being late.

[274] **Lord Elis-Thomas:** It is all right.

[275] **David Rees:** You talk about the change being managed correctly and carefully. Have the risks you have identified been addressed properly in the business case?

[276] **Ms Fradd:** I think that there are two risks that have not been looked at. One is that there is a clear risk of collaboration not being considered and the other is the business continuity aspect. Those are key risks, and those two aspects are not in that list of six criteria that was being looked at before. Those are big risks for us going forward because we need to be involved in those discussions. We are the ones that have legislative powers. We are the ones who get a knock on the door when things go wrong, and we are the ones who must respond immediately to those calls for help. Not involving those two aspects is a big risk.

[277] **Lord Elis-Thomas:** How would you like it to be done differently? I am thinking of when we come to make our recommendations. Obviously, as you say, you have responsibility as a strategic director for the environment in a local authority. I do not know how things work in Bridgend, but the position is obviously similar throughout Wales.

[278] **Ms Fradd:** The key thing for me is how we are going to be consulted in this process from now on. We have reached a certain stage, but how are we going to be consulted now? My fear is that we are not going to be part of that consultation process in a proper way. A number of work streams have been identified. To date, I do not know whether any local authority representative has been identified on those. I do not know whether Craig is there in a WLGA capacity, but I meet with the directors of south-east Wales and none of us is involved, and yet we are a key part of this. As I said, we have legislative powers and that has to be considered. One of the key things within the document itself was the potential to transfer further powers. There has been no proper consultation in relation to that aspect. We need to be involved now rather than when it is too late.

[279] **Antoinette Sandbach:** Do any of the witnesses have any views on whether the single environment body should be the CCW and the EA or whether it should include the Forestry Commission Wales, and how well that latter body fits within the process? Do you see that as a natural fit or do you have concerns about it? With regard to potential IT issues, for example, how do you see it working where they may need to be cross-border consultation with other local authorities or cross-border bodies? From your experience of managing authorities, how do you see those risks being addressed and do you have particular views on them?

4.00 p.m.

[280] **Mr Mitchell:** We have a greater relationship with CCW and EA. The working relationship is more on that level. A case could be made around the Forestry Commission. The evidence from Welsh Water made the case succinctly in terms of a more integrated and holistic approach to environmental regulation and the issues on that front. However, from talking to member authorities about that, we are aware that people are not as convinced of that aspect of the case. They need to understand more about how the organisation would operate on a practical basis. That is not the role of the strategic business plan, but, if it is not included there, then we still need to understand those issues fairly quickly.

[281] **Yr Arglwydd Elis-Thomas:** Cyfeiriaf y cwestiwn hwnnw at gynrychiolwyr awdurdodau'r parciau cenedlaethol hefyd.

Lord Elis-Thomas: I also refer that question to the national park authority representatives.

[282] **Mr Phillips:** Nid ydym wedi edrych ar yr achos busnes yn fanwl, er i ni fod trwyddo. Ni allaf fynegi barn ar elfen fasnachol y Comisiwn Coedwigaeth, ond mae'n gwneud synnwyr i gyfuno'r Cyngor Cefn Gwlad, Asiantaeth yr Amgylchedd ac elfen amgylcheddol gwaith y Comisiwn Coedwigaeth. Mae materion sy'n bwysig i ni fel parciau cenedlaethol nid yn unig yn nhermau newid yn yr hinsawdd, a'r pwysigrwydd bod y Comisiwn Coedwigaeth yn rhan o'r corff unedol, ond hefyd yn nhermau materion megis rhywogaethau ymledol. Mae problemau yn Eryri gyda rhododendron ar ystâd y Comisiwn Coedwigaeth, sydd yn berchen i Lywodraeth Cymru. Mae'n allweddol bod Comisiwn Coedwigaeth Cymru yn rhan annatod o'r uned newydd. O ran materion technoleg gwybodaeth, nid wyf mewn sefyllfa i roi barn ar y peth am nad wyf wedi edrych ar y mater yn fanwl.

Mr Phillips: We have not looked at the business case in detail, although we have been through it. I cannot express an opinion on the commercial aspect of the Forestry Commission, but it makes sense to unite CCW, the EA and the environmental aspect of the Forestry Commission's work. There are matters that are important to us as national parks not only in terms of climate change, and the importance that the Forestry Commission is part of the unified body, but also in terms of such matters as invasive species. There are problems in Snowdonia with rhododendron on the Forestry Commission's estate, which belongs to the Welsh Government. It is crucial that Forestry Commission Wales is an inextricable part of the new body. On information technology matters, I am not in a position to give an opinion on that because I have not looked at it in detail.

[283] **Rebecca Evans:** Earlier today, we talked to the CCW about grant funding. Have you had any discussions with the Welsh Government about grant funding and how it might work under that new single environment body? Do you have any concerns in that area?

[284] **Mr Williams:** We would expect to have reference to the grant-funding ability of the new body in the consultation documents. It would be very worrying if the new body did not have a grant-funding ability.

[285] **Lord Elis-Thomas:** Is that also the view of local authorities?

[286] **Ms Fradd:** That is the same.

[287] **Lord Elis-Thomas:** That is also the view of local authorities.

[288] **Mr Mitchell:** We have not had specific discussions on the matter.

[289] **Llyr Huws Gruffydd:** Mae'r pwynt wedi'i wneud yn gyson heddiw ynglŷn â phwysigrwydd arweinyddiaeth gref, yn enwedig yn ystod y cyfnod o newid. Mae'n mynd i fod yn gyfnod heriol, felly mae angen trefn llywodraethiant effeithiol a chryf. A oes gennych unrhyw sylwadau ynghylch pa fodelau llywodraethiant fyddai'n fwyaf addas ar gyfer y corff newydd hwn? A oes digon o bwyslais wedi bod ar hynny yn yr achos busnes?

Llyr Huws Gruffydd: The point has been made consistently today about the importance of strong leadership, particularly in the transition period. It will be a challenging period, therefore there needs to be an effective and robust governance system. Do you have any comments on what models of governance would be most appropriate for the new body? Has there been adequate emphasis on that in the business case?

[290] **Ms Fradd:** The key thing that is missing from the business case is local accountability. I cannot see anything in it on how to bring local accountability to the board, or who the board is answerable to. Those are the key questions that need to be looked at as we go forward with this process. I go back to the point that it is at the local level that we get interaction. Most of the things that happen nowadays are happening to the residents on the street: flooding, drainage misconnections and so forth. So, that local accountability needs to be there somehow. Strong leadership is crucial because cultural change will have to be taken forward here. The only way to do that is through strong leadership and going forward quickly.

[291] **Llyr Huws Gruffydd:** A oes gan y parciau cenedlaethol farn? **Llyr Huws Gruffydd:** Do the national parks have any comments?

[292] **Mr Phillips:** Oes. Nid wyf wedi edrych ar unrhyw fodel arbennig, ond mae yna ddwy elfen bwysig yma. Fel y bu ichi ddweud, mater o lywodraethu ydyw ac mae angen elfen o graffu fel rhan o waith y bwrdd ac mae angen sicrhau bod y bwrdd yn cynrychioli trawstoriad iach. **Mr Phillips:** Yes. I have not looked at a specific model, but there are two important elements here. As you have said, it is a matter of governance and a degree of scrutiny is required as part of the work of the board and we need to ensure that the board represents a healthy cross-section.

[293] **Yr Arglwydd Elis-Thomas:** Maddeuwch imi, bydd yn rhaid inni stopio oherwydd bod rhywbeth wedi digwydd i'r cyfieithu ar y pryd. **Lord Elis-Thomas:** Forgive me; we will have to stop because something has happened to the interpretation.

[294] Can everyone hear the interpretation of what I just said? I see that you can, so the problem is that we cannot hear the interpretation of what is being said in Penrhyndeudraeth.

[295] **Mr Phillips:** Do you want me to continue in English?

[296] **Lord Elis-Thomas:** No, we do not do that kind of thing. There is a choice for the witness. Do not go there. *[Laughter.]* It is a matter of order that everything works here. I am no longer officially responsible for it, but I am still responsible in my head. We will give them a few minutes. Please let me know what the problem is.

[297] Deallaf ei fod yn gweithio'n iawn yn awr. Ymddiheuriadau am hynny. Fel y maent yn ei ddweud ar wasanaethau First Great Western, gobeithio nad ydym wedi achosi unrhyw anghyfleustra i neb. I understand that it is working properly now. My apologies for that. As they say on First Great Western services, we hope that we have not caused anyone any inconvenience.

[298] **Mr Phillips:** Dim problem. Nid wyf yn siŵr faint y colloch chi, ond roeddwn yn dweud bod dwy elfen bwysig: un o reolaeth, wrth gwrs, sef y trawsnewid, ond hefyd y rheoleiddio a diwylliant rheoleiddio. Mae'n bwysig bod elfen o graffu ar y corff yn nhermau buddiannau democratiaeth, yn gofyn i'r corff hwnnw fod yn agored a gofyn iddo gael trawstoriad iach o aelodau ar y bwrdd—nid yn nhermau sgiliau, ond yn nhermau buddiannau, diddordebau a rhyw ac yn y blaen. Fel y dywedwyd yn barod, mae hynny'n bwysig o ran cysylltiad lleol, ac **Mr Phillips:** No problem. I am not sure how much you missed, but I was saying that there are two important elements: one of control, of course, namely the transformation, but also regulation and a regulatory culture. It is important that there is a degree of scrutiny of the body in terms of the interests of democracy, asking that body to be open and to have a healthy cross-section of members on the board—not just in terms of skills, but in terms of interests, areas of interest and gender, and so on. As has already been said, that is important in terms of a local

mae'r cysylltiad rhwng y bwrdd newydd a'r partneriaid yn lleol hefyd yn allweddol bwysig.

connection and the connection between the new board and partners locally is also vital.

[299] Hoffwn wneud un pwynt arall. Yn y trefniant hwn, rwyf yn gobeithio na fydd rhannau gwledig o Gymru a gogledd Cymru yn colli allan oherwydd y newid hwn. Mae'n bwysig bod gan y corff hwn bresenoldeb yng ngogledd Cymru—a drwy Gymru gyfan. Mae hynny'n bwysig yn nhermau swyddi yng nghefn gwlad Cymru, a'r sgiliau perthnasol. Mae angen golwg manwl ar hynny wrth sefydlu'r corff newydd.

I would like to make one further point. In this arrangement, I hope that rural parts of Wales and north Wales will not lose out because of this change. It is important that this body has a presence in north Wales—and throughout Wales. That is important in terms of jobs in rural Wales, and the relevant skills. Those aspects need to be monitored closely as the new organisation is established.

[300] **Llyr Huws Gruffydd:** Mae hynny'n bwynt rwyf yn awyddus iawn i'w gefnogi hefyd. Mae gennyf un cwestiwn arall. Yn ei dystiolaeth yn gynharach, bu i'r Comisiwn Coedwigaeth ein hatgoffa ei fod wedi cyflwyno nifer o risgiau ychwanegol i'r Gweinidog yn eu cyfarfod olaf ar 18 Tachwedd, rhai nad oedd yn credu oedd wedi cael eu hystyried yn yr achos busnes. Dywedwyd nad oes byth digon o amser ar gyfer pethau felly. A ydych yn credu bod y broses wedi cael ei brysio rhywfaint ac nad yw'r holl faterion y dylid fod wedi eu hystyried yn wirioneddol wedi cael eu gwyntyllu?

Llyr Huws Gruffydd: That is a point that I am also very keen to support. I have one further question. In its evidence earlier, the Forestry Commission reminded us that it made the Minister aware of a number of additional risks in their last meeting on 18 November, some of which it did not believe had been considered in the business case. It said that there is never enough time for this kind of thing. Do you believe that the process has been somewhat rushed and that not all of the issues that should have been considered in depth have been explored?

[301] **Mr Williams:** Mae'n anodd dweud oherwydd achos busnes strategol yw hwn, felly dim ond edrych ar y prif benawdau mae'n ei wneud. Rwyf yn cymryd bod y Gweinidog wedi cael digon o gysur wrth ddarllen yr achos busnes i wneud y penderfyniad.

Mr Williams: It is difficult to say because this is a strategic business case, so it looks only at the headlines. I assume that the Minister has had sufficient reassurance from reading the business case to make the decision.

[302] **Mr Mitchell:** From our point of view, we have identified a couple of additional risks that we felt needed to be factored in around business continuity and opportunities for collaboration. However, the difficulty is that this feels like a high-level process and a very high-level business plan and, therefore, identifies only very broad risks. It is only when we get into the operational detail that many of the specific issues that we need to address on the local basis will become more apparent. Once we understand how the organisation will operate, how its regional structure will be set out, what its roles and responsibilities will be, where the clarity with local authorities lies, and what the governance and accountability processes are in relation to that.

[303] **Mick Antoniw:** You have started answering on a matter that concerns me; some of the earlier information related to that as well. Of course, you can achieve anything in business, but it depends on leadership and structure, and the extent to which that is driven forward. In terms of the work that we are doing, do you have any views or recommendations as to how such a structure should be put together and who should be involved in it, in terms of the composite interest that exists? What would your clear recommendations be with regard to

creation of that board and how it should operate?

[304] **Mr Mitchell:** The key issue came up in an earlier session, namely ensuring that we have individuals who represent a range of different outcomes, but not representing those sectors. They would have an ability to understand the driving elements of sustainable development around social, economic and environmental aspects. Nigel Annett made the point that the board would not just consist of environmental experts. The issue for us is that, as currently suggested in the business plan, it is a small governance arrangement. The critical issue is how that governance arrangement connects with local communities. We have suggested in our paper that the role of local government scrutiny is changing, and the Welsh Government is currently working on a list of designated bodies that are accountable to that scrutiny process. That may prove to be one way of trying to secure that local accountability and transparency. The difficulty for any pan-Wales organisation is that, by having 22 local authorities and three national parks, we do not want to create a structure that becomes so onerous and bureaucratic that it undermines what the organisation is able to do. There have to be those local links, for the good reasons that Louise has set out, and we need to be involved in the dialogue around how to achieve that most effectively.

[305] **Ms Fradd:** This goes back to the previous point that I made, on work streams. The governance work stream is crucial, and we need to be involved in that. That is when you need to start to look at the best arrangements for going forward, rather than trying to second-guess what they are now. That dialogue is needed to get a better understanding of those interactions.

[306] **Mr Williams:** Rwy'n meddwl ei fod yn bwysig ar y dechrau ein bod yn deall beth yw ethos y corff newydd. Pa fath o wasanaeth a ddarperir? A yw'n wasanaeth sy'n mynd allan i'r gymuned, i gefn gwlad? Mae hynny'n bwysig i gyrff fel parciau cenedlaethol. Rydym yn awyddus i weld y corff yn cymryd pethau fel cynllun rheolaeth y parc fel arweiniad cryf i'w waith. Rwy'n credu mai un o'r manteision o gael un corff yw'r arweiniad posibl y gallwn ei gael o gyfuno'r tri chorff yn un.

Mr Williams: I think that it is important at the outset that we understand the ethos of the new body. What kind of service will be provided? Is it a service that goes out into the community, to rural areas? That is important for bodies such as the national parks. We are keen to see the body take things such as the park's management plan as a strong guide for its work. I think that one of the advantages of having one body is the leadership that could come from combining three organisations into one.

[307] **Mr Phillips:** Rhaid inni gofio, gan fod yn ofalus yma, fod y corff newydd hwn wedi cychwyn o gefndir rheoliadol. Mae wedi cychwyn o fethiant i gwrdd â thargedau bioamrywiaeth ar lefel Ewropeaidd. Rydym yn edrych ar y cyrff hyn oherwydd eu rôl reoliadol, yn enwedig mewn cyd-destun Ewropeaidd. Wrth sefydlu corff newydd, mae'n bwysig nad yw'n ystyried ei hun fel corff rheoliadol. Mae elfennau pwysig ynghlwm â datblygiadau cynaliadwy—pethau fel treftadaeth ddiwyllianol a budd economaidd lleol—felly, nid wyf eisiau gweld y corff newydd yn colli ffocws ar weithgareddau nad ydynt yn greiddiol iddo. Os ydym yn colli'r elfennau nad ydynt yn greiddiol i'r corff newydd hwn, megis addysg a threftadaeth ddiwyllianol, byddwn ar ein colled fel awdurdodau parciau cenedlaethol a

Mr Phillips: We must remember, being careful here, that this new body has emerged from a regulatory background. It has started from the failure to meet biodiversity targets at a European level. We are looking at these bodies because of their regulatory role, especially in a European context. In establishing a new body, it is important that it does not consider itself a regulatory body. Sustainable development has important component parts—such as cultural heritage and local economic benefit—so, I do not want to see this new body losing its focus on activities that are not a core part of its activities. If we lose the elements that are not a core part of this new body, such as education and cultural heritage, we as national park authorities will lose out, and the rest of Wales will also lose out.

bydd gweddill Cymru ar ei golled hefyd.

4.15 p.m.

[308] **Antoinette Sandbach:** There is a clear interrelationship for some local authorities in relation to planning and this new body—I am thinking in particular of mid Wales, where there are issues with the strategic search areas, windfarm development and the consenting role that this body will have. How should those conflicts of interest be dealt with? Is it adequate to say that there is a Chinese wall? Does there need to be some form of separate structure? How do you think that the public will see that?

[309] **Mr A. Davies:** Cwestiwn penodol a diddorol iawn. Mae'n anodd rhoi ateb uniongyrchol i rai agweddau ar y cwestiwn ar hyn o bryd, oherwydd mae angen sylw a thrafodaeth ar yr union strwythur ac ar sut mae'r corff newydd yn mynd i weithio. Fodd bynnag, y farn gref o fewn awdurdodau lleol yw bod rhaid inni, wrth sefydlu'r corff newydd, gael eglurder mewn perthynas â lle mae trothwyon cyfrifoldebau yn gorwedd. Bydd hynny, o bosibl, yn golygu trosglwyddo rhai cyfrifoldebau oddi wrth y corff hwn i awdurdodau lleol, a gall ambell i beth fynd y ffordd arall.

Mr A. Davies: A very specific and interesting question. It is difficult to give a direct response to certain aspects of that question at the moment, because the exact structure and modus operandi of the new body still needs consideration and discussion. However, the strong opinion within local authorities is that we must, in establishing the new body, have clarity in relation to responsibility thresholds. That could mean transferring some responsibilities from this body to local authorities, and certain things could pass the other way.

[310] Mae cymhlethdodau penodol mewn perthynas â'r achosion y cyfeiriodd yr Aelod atynt yn y canolbarth, ond y gwir amdani yw bod ceisiadau mawr a materion cynllunio ac amgylcheddol mawr yn codi ym mhob awdurdod, ac rydym i gyd yn eu hwynebu yn ein tro. Felly, dros y flwyddyn nesaf, os gwneir y penderfyniad i symud ymlaen ar sail yr achos busnes presennol, mae angen i bawb sydd â rôl i'w chwarae a pherthynas gyda'r corff newydd edrych yn fanwl ar sut bydd y trefniadau newydd hyn yn gweithio. Mae elfennau o anghysondeb yn y ffordd mae'r tri chorff yn delio gyda rhai materion cynllunio ar hyn o bryd. Fel rhywun sydd yn arwain ar yr agwedd gynllunio o fewn awdurdod lleol, rwy'n croesawu'r newid hwn ac yn ei weld fel cyfle i geisio goresgyn hynny. Nid wyf, o anghenraid, yn hyderus y gall hynny ddigwydd dros nos, ond rwy'n meddwl bod y potensial yna i'w gael i weithio os ydym i gyd yn dymuno hynny.

There are specific complexities in relation to the cases that the Member mentioned in mid Wales, but the truth is that major applications and major planning and environmental issues arise in all authorities, and we all face them in our turn. So, over the next year, if the decision is made to progress on the basis of the current business case, everyone who has a role to play and a relationship with the new body needs to look in detail at how these new arrangements will work. There are elements of inconsistency in the way that the three bodies deal with certain planning issues at present. As someone who leads on planning in a local authority, I welcome this change and see it as an opportunity to try to overcome that. I am not necessarily confident that that will happen overnight, but I think that the potential is there to get things to work if that is what we all want.

[311] **Yr Arglwydd Elis-Thomas:** Rydym wedi colli Parc Cenedlaethol Eryri, sydd yn fater o ofid mawr i mi, wrth gwrs. Daliwn ati.

Lord Elis-Thomas: We have lost Snowdonia National Park, which is a cause of great concern to me, of course. We will continue.

[312] Do you have any further comments, David?

[313] Os nad oes sylwadau eraill—

If there are no further comments—

[314] **Mr A. Davies:** A yw'n bosibl i mi godi un mater?

Mr A. Davies: May I raise one issue?

[315] **Yr Arglwydd Elis-Thomas:** Mae Eryri wedi dod yn ôl. Croeso yn ôl; mae'n ddrwg gennyf. Colli sylwadau Aled Davies a wnaethoch chi—bydd rhaid ichi ddal i fyny gyda'ch gilydd rhywle tua Maentwrog neu Fryncir.

Lord Elis-Thomas: Snowdonia is back. Welcome back; I apologise. You lost comments from Aled Davies—you will have to catch up with each other somewhere around Maentwrog or Bryncir.

[316] **Mr A. Davies:** Ate gaf sylwadau Aneurin o'r parc cenedlaethol ynglŷn â phwysigrwydd cyflogaeth yn yr ardaloedd gogleddol a gorllewinol. Mae'n amlwg bod presenoldeb cyflogaeth sylweddol ym Mangor ar hyn o bryd gan yr Asiantaeth Amgylchedd a phencadlys Cyngor Cefn Gwlad Cymru. Un o'r pryderon sydd gennym hefyd yw iaith gwaith y corff newydd. Mae angen ystyriaeth fanwl am hynny. Pan fo newidiadau yn digwydd, mae dylanwad ar iaith gwaith. Mae'n rhaid inni edrych ar beth yw cryfderau neu rannau cryfaf y tri chorff, boed yn ieithyddol neu'n faterion gweithredol eraill, a cheisio mabwysiadu hynny fel rhan o'r ethos y cyfeiriodd y parc cenedlaethol ato yn gynharach. Fel arall, rydym mewn perygl o weld yr elfen honno'n cael ei herydu dros gyfnod o amser. Felly, mae'n fater o roi sylw priodol i hynny yn fuan yn y broses sefydlu.

Mr A. Davies: I endorse the comments made by Aneurin from the national park on the importance of employment in north and west Wales. Obviously, there is a significant employment presence in Bangor with the Environment Agency and the Countryside Council for Wales headquarters. One concern that we have is the language used in the daily operation of the new body. That needs to be considered in detail. When changes occur, that influences the language used in work. We need to look at the strengths or the strongest parts of the three bodies, whether they are in terms of language or other operational issues, and try to adopt them as part of the ethos that the national park referred to earlier. Otherwise, there is a danger of seeing that element eroded over a period of time. So, it is matter of giving due attention to that at an early stage in the process of establishment.

[317] **Yr Arglwydd Elis-Thomas:** Rwy'n cael fy nhemtio i wisgo fy hen het, fel cyn gadeirydd Bwrdd yr Iaith Gymraeg; mae gan yr holl gyrff hyn gynlluniau iaith, a thybiaf y byddant yn ceisio datblygu un newydd ar gyfer y corff newydd, gan gynnwys rhoi sylw i gydraddoldeb wrth weithio. Rydym wedi ceisio sicrhau hynny heddiw. A oes unrhyw gwestiwn arall? Gan nad oes cwestiwn arall, diolchaf i Craig Mitchell, Louise Fradd ac Aled Davies—

Lord Elis-Thomas: I am tempted to wear my old hat, as former chair of the Welsh Language Board: all of these organisations have language schemes, and I assume that they will try to develop a new one for the new body, including giving due attention to equality in the workplace. We have tried to ensure that today. Are there any further questions? As there are no other questions, I thank Craig Mitchell, Louise Fradd and Aled Davies—

[318] Sorry, David, do you have another question?

[319] **David Rees:** Yes, I have one more. We have talked about where it came from, and you have mentioned the frameworks that will be launched next week and your possible involvement with 'A Living Wales' as part of the consultation process. We do not know what the frameworks is at this point in time and you do not talk about your discussions on ecosystems, but are you confident that the frameworks will marry comfortably with the single environmental body? Do you feel that you would be able to come back to us if you feel that they do not, because that will be an important aspect of this?

[320] **Mr Mitchell:** From our point of view, part of the difficulty is that a lot of the discussion around ecosystems has been on a theoretical basis. What really matters for us is what it means in practical terms with regard to service delivery and the impact upon the environment, the economy and on social issues more broadly. We are aware that the Green Paper may suggest that there is a need to pilot the approach in a number of areas and ways, primarily because we do not have a good understanding of what it actually means. The question that our elected members ask us when we discuss these issues is: ‘We understand the theory, but what does it mean in practice?’ That is the difficulty that we have at the moment in relating the new body and its potential to this new role. Both are in a slightly fluid state and both need bottoming-out from that point of view. So, the Green Paper and the SEB consultation will be incredibly useful in starting to set the parameters for that debate, so that we understand it and are able to engage in it more fully.

[321] **Yr Arglwydd Elis-Thomas:** Emyr neu Aneurin, a oes gennych chi unrhyw sylw pellach ar hynny? **Lord Elis-Thomas:** Emyr or Aneurin, do you have any further comments on that?

[322] **Mr E. Williams:** Credaf fod Aneurin wedi cyfeirio at y dirywiad mewn bioamrywiaeth, a dyna pam fod gennym y Papur Gwyrdd o’n blaenau. Mae’r gyfundrefn ecosystemau wedi bod o gwmpas ers blynyddoedd ac nid yw’n bell o feddylfryd y parciau cenedlaethol a’r goblygiadau statudol i ddarparu cynlluniau rheolaeth i barciau cenedlaethol. Mae’n gyfle gwych a bydd gwaith plethu i mewn i’r corff newydd, ond mae’n gofyn cwestiwn ynghylch sut mae’r corff newydd yn mynd i ymateb ac annog cyrff eraill, y partneriaid yn y sector cyhoeddus a’r sector preifat, i gyflawni amcanion fframwaith yr amgylchedd naturiol. **Mr E. Williams:** I think that Aneurin referred earlier to the deterioration in biodiversity, and that is why we have the Green Paper before us. The ecosystems arrangement has been around for years, and it is not very far from the thinking of the national parks and the statutory obligations to provide management schemes for national parks. It is an excellent opportunity and there will be work to combine this into the new body, but it raises the question about how this new body will respond and encourage other bodies, the partners in the public and private sectors, to fulfil the aims of the natural environment framework.

[323] **Yr Arglwydd Elis-Thomas:** Diolch. Ar y pwynt hwnnw, rydym wedi dychwelyd at yr egwyddor a’r genhadaeth y tu ôl i’r corff. Diolchaf i Craig Mitchell, Louise Fradd ac Aled Davies ar ran Cymdeithas Llywodraeth Leol Cymru, sydd yma ym mae Caerdydd, ac yn arbennig am amynedd ein cyfeillion yn y gogledd—Emyr Williams, cyfarwyddwr rheoli tir Awdurdod Parc Cenedlaethol Eryri, ac Aneurin Phillips, y prif weithredwr. Edrychaf ymlaen at fod adref yfory. Diolch yn fawr. **Lord Elis-Thomas:** Thank you. On that note, we have returned to the principle and central mission of the new body. I thank Craig Mitchell, Louise Fradd and Aled Davies from the Welsh Local Government Association, who are with us in Cardiff bay, and I thank our friends in north Wales for their patience—Emyr Williams, director of land management at Snowdonia National Park Authority, and Aneurin Phillips, the chief executive. I look forward to being home tomorrow. Thank you.

*Daeth y cyfarfod i ben am 4.24 p.m.
The meeting ended at 4.24 p.m.*