

Written Response by the Welsh Government to the report of the Climate Change Environment & Rural Affairs Committee: Cabinet Secretary for Economy and Transport – General and budget scrutiny

Detailed Responses to the report’s recommendations are set out below:

Recommendation 1

The Committee recommends that:

The Well-being of Future Generations (Wales) Act 2015 should underpin all Welsh Government policy decisions and the Welsh Government should demonstrate how the Act has influenced those decisions. The Act must be a central part of all impact assessment processes carried out by the Welsh Government. This should include an assessment of impact against each of the well-being objectives. This information should be set out clearly in any relevant policy or project documentation to ensure transparency and facilitate scrutiny.

Response: Accept

The seven Well-being Goals and the five ways of working under the Sustainable Development Principle provide a clear framework for government decision-making and need to underpin everything we do. The Act prompts us to “show our workings” in the development and implementation of policy and legislation, making clear how the ways of working set out in the Act have been actively applied in order to maximise the contribution across the seven well-being goals. Our decision making processes must reflect the requirements of the Act. Appraising impact – both positive and negative – is an essential part of developing policy or building delivery plans with optimum good effects.

We are developing a new approach to impact assessment which will improve the quality of the assessment of impacts and their recording. The new approach will:

- bring together the range of impact assessment duties in a coherent framework;
- reduce complexity and duplication; and,
- integrate the impact assessment process with the substantive direction of the Well-being of Future Generations Act.

This integration will be achieved by including a description of the way our Future Generations legislation has been applied, including the practical steps taken to integrate the proposal with our well-being objectives. In line with the intentions of the Act, this description will take a narrative form to encourage an exploration of the fit; taking a holistic, rather than individual, view of the objectives.

Financial Implications – There are not anticipated to be any new financial implications arising. However, if any do emerge then the intention would be to meet these costs from existing budget provision.

Recommendation 2

The Committee recommends that:

The Cabinet Secretary should set out in detail how the working practices of officials in his department have changed as a result of the Well-being of Future Generations (Wales) Act 2015, including the training and guidance that has been provided to them to assist with policy development.

Response: Accept

The Economic Action Plan directly supports the *Prosperity for All* strategy and seven of the 12 Well-Being objectives. The Plan recognises that a growing, sustainable, and inclusive economy is an essential underpinning of a more prosperous, healthier, resilient, and more equal Wales. The Plan supports the five ways of working by supporting a whole Government approach and in driving collaboration with external organisations through the Economic Contract.

Whilst I have portfolio responsibility for economic development and transport, the Plan recognises that achieving a growing, sustainable, and inclusive economy is beyond the scope of any single ministerial portfolio and requires concerted action across Government and between Government, key stakeholders and delivery partners in the public, private, and third sectors.

We have held training sessions across officials in my department and wider Welsh Government to set out the overall aims and requirements around the Well-being of Future Generations Act. Additionally tailored sessions have been held with individual areas to assist in the application of the Act to activities in each area.

General guidance is available on the intranet and officials in my Operations Team continue to provide guidance and support on embedding and evidencing the Act across activities.

Financial Implications – There are not anticipated to be any new financial implications arising. However, if any do emerge then the intention would be to meet these costs from existing budget provision.

Recommendation 3

The Committee recommends that:

The Cabinet Secretary should set out in detail, within the next 6 months, how he will respond to the Natural Resources Policy and how it will be implemented and affect policy making in his portfolio.

Response: Accept

I am committed to delivering the commitments outlined in the Natural Resources Policy (NRP) that relate to my portfolio.

In particular, I published the Economic Action Plan on 12 December 2017. The Plan supports the NRP by driving sustainable growth recognising that a growing, sustainable and inclusive economy is essential for a more prosperous, healthier, resilient and more equal Wales. The Plan supports businesses to improve their resource efficiency and encourages decarbonisation.

Our new Economic Contract will require that businesses seeking Welsh Government support commit to growth, fair work, reducing their carbon footprint and promoting health, up-skilling and learning in the work place. While our Economic Contract requires business to do the right things today, our Calls to Action require businesses to respond to the challenges of tomorrow. Together they will ensure the investment we provide to business delivers for the present and the future.

I am also establishing an advisory, non-statutory National Infrastructure Commission for Wales (NIFCfW) to provide independent and expert strategic advice. The Commission, which will be fully established by summer 2018, will analyse and advise on economic and environmental infrastructure needs and take into account the relationship with social infrastructure.

The Commission's advice will be strategic and forward looking, providing advice on long term strategic need. We will ensure the Commission takes into account Welsh Ministers' duties under the Environment (Wales) Act, including the sustainable management of natural resources and Biodiversity and Resilience of Ecosystems Duty.

The updated Transport Strategy - to be published in December 2019 - will, amongst other things, outline action on our transport network that enhances the resilience of our ecosystems and reverses the decline of biodiversity. We will also review our current policies regarding ecosystems and the integration of nature based solutions into our transport investments. We will be consulting on the main issues and options for the strategy in Autumn this year.

Officials are currently preparing advice on Green Corridors for me to consider. This will cover how we are developing proposals to exemplify best practice on our trunk

roads as part of a resilient ecological network, which helps promote Wales as leading the way as a first class sustainable tourist destination.

The proposals will include for example, how we can improve 'gateways' into Wales and the 3 national routes that make up the Wales Way, through strategic tree planting and other initiatives to improve the environmental quality of the road network.

The advice will also consider what actions we are currently taking, and where there might be opportunities on our transport network to enhance the resilience of our ecosystems and reverse the decline of biodiversity, such as improving connectivity and the diversity of ecosystems on the soft estate; and where there are opportunities to explore wider ecosystem service delivery, such as carbon, water and flood management.

These proposals will build on the successful work already being undertaken or has been completed by Transport including:

- Launched in 2014, our 'Road Verges for Wildflowers' initiative has delivered over 50 road verge improvement projects to date. It has also resulted in improved maintenance on wildflower rich grasslands at key sites across the trunk road and motorway network..
- Under our 'Tree Planting for Recovery' initiative, also launched in 2014, we have planted in the region of 20,000 young trees on our estate to combat the threat of two major plant diseases affecting trees in Wales. The initiative has also delivered woodland restoration and other landscape improvements along our trunk roads.
- The successful completion of the Trunk Road Estate Biodiversity Action Plan (2004 to 2014) which delivered positive actions for habitats and, plant and animal species on the Welsh trunk road network. Against the commitments set out in the plan 90% were completed successfully.
- Delivering an on-going programme of invasive non native species (INNS) control. Initially focused on controlling Japanese Knotweed on the soft estate, the programme has now widening out to tackle other INNS that threaten our native plant and animal species. .

Moving to lower carbon modes of transport will also be a key focus of the updated Transport Strategy to meet both our decarbonisation targets and in reducing the growing number of Air Quality Management Areas which have a strong link to transport related emissions.

I am working closely with the Cabinet Secretary for Energy, Planning and Rural Affairs and Minister for Environment on the Clean Air Plan for Wales (planned for later this year) and the upcoming consultation (due end of April) on the Clean Air Zone Framework.

Financial Implications –

There are not anticipated to be any new financial implications arising. However, if any do emerge then the intention would be to meet these costs from existing budget provision.

Recommendation 4

The Committee recommends that:

The Cabinet Secretary should report to this Committee within the next 6 months setting out in detail how the carbon emissions arising from highway improvement schemes in general, and the A487, A470 and M4 relief road in particular, will be monitored in the medium to long term once they have been commissioned.

Response: Accept in Principle

Since the publication of the final updated version of WelTAG in December 2017, the Welsh Government has reviewed its approach to the monitoring of commitments made in relation to the performance of major infrastructure schemes post opening.

The approach which is being developed will improve the scope of monitoring and evaluation work currently undertaken post opening. This new scope will ensure, that not only Carbon is considered, but the performance of the scheme against the original objectives is considered and evaluated; and that the same process is carried out for the commitments made in public documents which have informed the Cabinet Secretary's decision.

For Carbon this is likely to involve re-running the Air Quality assessment for Carbon Dioxide applied to the scheme when designs were being finalised, where there has been an increase in traffic against a "no scheme/do nothing" scenario ; and comparing against any relevant transport planning objectives which have arisen from the WelTAG process.

Financial Implications – There are not anticipated to be any new financial implications arising. However, if any do emerge then the intention would be to meet these costs from existing budget provision.

Recommendation 5

The Committee recommends that:

The Welsh Government should publish its response to the latest tranche of advice from the UK CCC as soon as possible and should notify the Committee immediately of the date by which it will respond. As soon as possible after the publication of the Welsh Government's response, the Cabinet Secretary should publish an assessment of the

impact on his portfolio of all recommendations that are accepted. The Cabinet Secretary should set out the date by which he intends this work to be completed.

Response: Accept in Principle

The Welsh Government will be publishing a response to the UKCCC advice around setting interim targets and carbon budgets before the summer recess.

In relation to the recommendations from the UKCCC around the actions that should be taken, these will take more time to consider. Whilst the Committee correctly highlight that Sectors within my portfolio are responsible for a large percentage of the emissions in Wales, the actions to reduce emissions from these sources will require collective action across Ministerial portfolios.

An extensive cross government programme has been put in place to drive forward this agenda. We are also launching a public consultation this summer seeking stakeholder's views on this important issue.

The Decarbonisation Ministerial Task and Finish Group will be reviewing the advice alongside wider evidence and consultation responses and will publish a collective response as part of our Low Carbon Delivery Plan in March 2019.

Financial Implications – There are not anticipated to be any new financial implications arising. However, if any do emerge then the intention would be to meet these costs from existing budget provision.

Recommendation 6

The Committee recommends that:

No later than 6 months of the publication of this report, the Welsh Government should: provide the Committee with details of what it believes should be the requirements of a replacement for the EU ETS; and report to this Committee on the progress of discussions with the UK Government on a potential replacement for the scheme.

Response: Accept

The Welsh Government has agreed to work with the UK Government and the other Devolved Administrations to establish common UK frameworks in some areas that are currently governed by EU law. Policy to reduce greenhouse gas emissions from installations currently participating in the EU ETS is one of these policy areas.

The Cabinet Secretary for Energy, Planning and Rural Affairs is working with her counterparts at the other Devolved Administrations and with the UK Government to determine if a framework is required or desirable. She will provide the Committee with an update of the discussions within 6 months.

Financial Implications – There are not anticipated to be any new financial implications arising. However, if any do emerge then the intention would be to meet these costs from existing budget provision.

Recommendation 7

The Committee recommends that:

The Cabinet Secretary should set out clearly in the Wales Transport Strategy and associated thematic policy statements how the Well-being of Future Generations (Wales) Act 2015 and the Environment (Wales) Act 2016 have affected policy decisions directly.

Response: Accept

Our budget proposals have continued to look at how we embed the five ways of working to help us maximise our impact, inform plans which support Taking Wales Forward and take an integrated approach to considering impacts on protected groups, support a focus on our shared national goals and deliver a sustainable economy and nation for future generations.

The Wellbeing of Future Generations Act is the central organising principle in our planning process, ensuring that our decisions take account of the economic, social, cultural and environmental objectives and impacts. In so doing, we are adopting an approach to embed involvement, collaboration, integration, long term investment and prevention into our policies and delivery.

Proposals for any business activity are required to provide evidence that they are aligned to deliver one or more of the seven Well-being Goals as well as one or more of the Welsh Government's Well-being objectives.

Additionally, delivery areas are required to show that the five principles of sustainable working have been applied where possible in preparing business cases. When agreeing allocations with business areas, we assess the impacts of these elements along with other factors to ensure that decisions on budgets are made that support the most appropriate business cases.

Our refreshed **Wales Transport Strategy** will be developing policies that will positively impact on travel behaviour and reduce the negative impact traffic has on our communities and quality of life. The Strategy will reflect the Well-Being goals and principles as well as delivering our national strategy "Prosperity for All".

We also developed the revised Welsh Transport Appraisal Guidance, or '**WelTAG**', which was launched in December, working with the Office of the Future Generations and Wellbeing Commissioner to provide for better guidance and more closely alignment with the 5 Ways of working in meeting the WBFGA objectives.

Financial Implications – There are not anticipated to be any new financial implications arising. However, if any do emerge then the intention would be to meet these costs from existing budget provision.

Recommendation 8

The Committee recommends that:

The Cabinet Secretary should report to this Committee on how Welsh Transport Appraisal Guidance (WelTAG) 17 has been applied to the proposals for major infrastructure projects, including the M4 relief road.

Response: Accept in Principle

The Welsh Government position on this matter has been set out within evidence presented to the Public Inquiry into the M4 Corridor around Newport Project. Application of the 2017 guidance is similar across other major infrastructure projects.

The M4 Project is the consequence of a comprehensive transport planning appraisal process that began in the early 1990s. This culminated in the selection of the Scheme when the Welsh Ministers adopted the Plan for the M4 Corridor around Newport in July 2014. Welsh Transport Planning and Appraisal Guidance (WelTAG) was initially published in 2008, and the M4 development work responded to that guidance with a suite of WelTAG appraisals published up to July 2014, taking into account WebTAG best practice for transport appraisal. A Business Case for the Scheme was prepared in accordance with best practice at that time, adopting the advice in HM Treasury's Green Book using the five case model approach.

Dealing first with the transitional arrangements, the supplementary guidance of WelTAG 2017 explains that schemes being taken forward under WelTAG 2008 should move to WelTAG 2017 at an appropriate stage in their development. It contains a table showing how the stages in WelTAG 2008 correspond to the 5 stages of WelTAG 2017, reproduced below.

	WeITAG 2008	WeITAG 2017
Identifying problems, setting objectives, generating and testing a long list of options	Planning Stage	Stage One
Assessing a short list of options to identify the preferred option/ package of measures	Stage One	Stage Two
Detailed appraisal of preferred option/ package of measures	Stage Two	Stage Three
Implementation of preferred solution/ package of measures	Post-Appraisal	Stage Four
Monitoring and Evaluation	Post- Appraisal	Stage Five

There is no stage in either WeITAG 2008 or 2017 equivalent to the public inquiry into published draft Orders, which is the stage the published Scheme for the M4 Corridor around Newport has reached. The published Scheme has completed WeITAG 2008 Stage 2 and the equivalent WeITAG 2017 Stage 3, having progressed beyond the detailed appraisal of the preferred option with the publication of draft statutory Orders.

WeITAG 2017 Stage 3 is described as the Full Business Case and its purpose is to “make a full and detailed assessment of the preferred option to inform a decision as to whether or not to proceed to implementation”. Stage 3 has thus been completed since a full and detailed assessment of the preferred option has been completed, a Full Business Case has been prepared, and a decision has been made by the Welsh Ministers to proceed through the statutory procedures necessary to implement the published Scheme.

The Scheme would therefore, if confirmed by the Welsh Ministers, progress under WeITAG 2008 to the Post-Appraisal Stage, the implementation of the preferred solution, which is Stage 4 in WeITAG 2017. Stage 4 is summarised on page 17 of WeITAG 2017 as delivery of the preferred option; record the details of the context of delivery; monitor the process of delivery and its impacts. If the Orders are approved and the Scheme is implemented it will therefore move to WeITAG 2017

Stage 4 and then progress to Stage Five, monitoring impacts and applying lessons learnt.

Turning to consider the sustainable development principle and the wellbeing goals set out in the WFG Act 2015, in the context of WelTAG 2008 and 2017. Whilst the WFG Act did not exist when WelTAG 2008 was published, sustainable development has been embedded in the actions of successive Welsh Governments since devolution. The working practices of the Welsh Government had evolved to reflect its commitment to carrying out sustainable development. Paragraph 2.4.4 of WelTAG 2008 emphasised that the Welsh Assembly Government had a statutory duty under the Government of Wales Act 2006 to promote sustainable development and that it was committed to making decisions consistent with this aim.

The strategic Plan for the M4 around Newport was therefore selected using, amongst other things, the WelTAG methodology to appraise alternatives against sustainability objectives and criteria. The Plan was assessed as providing the best fit with the Welsh Impact Areas corresponding to the three elements of sustainable development policy at that time (the economy, society and the environment) and the transport planning objectives.

The various aspects that make up the new WelTAG 2017 appraisal methodology were also the basis of the assessment process that resulted in the selection of the Plan for the M4 around Newport and the published Scheme. Whilst the sustainable development principle and the well-being goals of the WFG Act were not (and could not have been because of the timing) explicitly part of the process, the assessment was based upon the impacts on each aspect of sustainable development policy at that time. Further, the WelTAG 2008 appraisals followed WebTAG best practice and the Business Case followed HM Treasury guidance and the Five Case Model, on which WelTAG 2017 is now based.

The 2016 M4 Project Sustainable Development (SD) Report explained how the published Scheme would contribute towards the well-being goals of the WFG Act. Whilst this is part of the assessment of options in Stage 2 of WelTAG 2017, it remains the case that in selecting the Plan and published Scheme the Welsh Government appraised the various options in accordance with the sustainable development policy, Welsh Impact Areas and best practice for transport appraisals at that time.

Although the 2016 SD Report was produced after the Welsh Ministers had selected their preferred option, this was an inevitable consequence of the timing of the process of appraisal and the passing of the WFG Act. It does not mean that the overall process of developing and adopting the published Scheme was in any way flawed as it followed the applicable policies, best practice guidance and legal requirements at that time.

WelTAG 2017 is “a framework for thinking about proposed changes to the transport system”. It is a process for evaluating options for making interventions to

deliver a more sustainable transport system for Wales. It is “the mechanism for providing decision-makers with all the information they require to make a reasoned and auditable decision on all funding decisions”. It is not a substitute for decision making but a process of gathering information and assessing the impact of options. The appraisal process based on WelTAG 2008 that led to the adoption of the Plan for the M4 corridor around Newport in July 2014 followed these same principles.

The process of assessing the impact of options of necessity involves judgement. The WelTAG Impact Assessment Report, which is integral to the WelTAG 2017 process, sets out the analysis underlying each stage and should contain “details of the judgements made and assumptions behind the assessments provided in the Stage Report”. The WelTAG 2017 guidance explicitly recognises that such judgements involve an assessment of the positive and negative impacts on well-being; that potential impacts may be beneficial for some but adverse for others; and that the WelTAG Stage 1, 2 and 3 reports should present a summary of the impacts and the potential to realise benefits and mitigate adverse effects.

This recognition of the need to exercise judgement and evaluate positive and negative impacts is relevant. It would be impractical to rule out any development that were to cause harm to one aspect of well-being without assessing that harm against any improvements to other aspects of well-being. I use as an example the benefits of providing new housing to meet the needs of population growth balanced against the visual, landscape and other impacts of building on a greenfield site. To decide whether such development should proceed would require a balanced decision that weighs the likely impact against the benefits to well-being.

This approach is endorsed by WelTAG 2017, which requires the positive and negative impacts of options to be assessed together with the potential to mitigate adverse effects. At no point does it suggest that options likely to result in negative impacts on one aspect of well-being should be ruled out; this is a matter for the judgement of the decision maker.

Financial Implications – There are not anticipated to be any new financial implications arising. However, if any do emerge then the intention would be to meet these costs from existing budget provision.

Recommendation 9

The Committee recommends that:

The Cabinet Secretary should report to this Committee within the next 6 months about how he will assess the sustainability of specific interventions relating to transport and how this will be highlighted in future in policy and project documents.

Response: Accept in Principle

The Welsh Transport Appraisal Guidance 2017 sets out the requirement to measure and monitor the impacts of our investments. This allows us on a project by project basis to evaluate whether the investments made achieve the planned benefits. Where this is not the case, the policies contained in the new Wales Transport Strategy will be reviewed to determine if they are fit for purpose or whether we need to change the way the project is delivered.

This proposed monitoring arrangement will ensure our transport investments deliver on the Well-being goals.

WelTAG embeds the sustainable development principle through the five ways of working, which should be used at all stages. It is a framework for thinking and users are guided to consider both short term and long term impacts of options, as well as options to prevent problems from getting worse or occurring in the first place.

The Well-being goals and objectives form a key part of the strategic case and transport case for a scheme. In developing the strategic case, the well-being goals and objectives should inform the objectives for the intervention.

During the transport case, each option should undergo a well-being appraisal. This will measure the likely impact of each option on the well-being goals.

Integration is an essential part of the WelTAG process to ensure users consider the impact of proposals on the well-being objectives of other public bodies, and also how other policy agendas should be taken in to account.

Collaboration is also integral to the process in ensuring transport interventions are not developed in isolation. Engaging and involving stakeholders is important throughout a WelTAG appraisal. Users are required to involve people with an interest in achieving the well-being goals and ensure those people reflect the diversity of the population.

We have worked closely with the Future Generations Commissioner's office on the production of the guidance and the Commissioner's office will be supporting the ongoing work to develop understanding and use of the toolkit amongst practitioners and interested parties as we build the community of practice and learn through practical application and best practice.

All transport projects that require funding from the Welsh Government are required to comply with the WELTAG guidance. The Guidance sets out the requirement to

measure and monitor the impacts of our investments aligned to the indicators that are set out within the Wales Transport strategy and any specific project or scheme objectives.

This allows us on a project by project basis to evaluate whether the investments made achieve the planned benefits and achieve the stated outcomes. This allows us to review programme delivery based and develop interventions that are best placed to match specific outcomes.

In developing a new Wales Transport Strategy we will be reviewing that evidence base to ensure that the policies contained in the new Wales Transport Strategy are robust and fit for purpose.

The suite of analytical and modelling tools that we are building together with information from others such as Transport for Wales and the National Air Quality Assessment and Monitoring Centre for Wales will allow us to design interventions that deliver on our Well-being goals.

Financial Implications – There are not anticipated to be any new financial implications arising. However, if any do emerge then the intention would be to meet these costs from existing budget provision.

Recommendation 10

The Committee recommends that:

The Cabinet Secretary should report to this Committee within the next 6 months on progress relating to the allocation of funds for installing electric charging points.

Response: Accept

I would be happy to update the Committee on progress. We are currently working with local authorities and other bodies to develop a framework model for creating a national public network of electric charging, which deploys the £2 million public funding committed for this purpose in a way which maximises outcomes by attracting sustainable investment from the private sectors.

Financial Implications - There are not anticipated to be any new financial implications arising. However, if any do emerge then the intention would be to meet these costs from existing budget provision.

Recommendation 11

The Committee recommends that:

The Welsh Government should report to this Committee within the next 6 months on progress in developing a cross-Government programme of work to improve air quality in Wales.

Response: Accept in Principle

The Clean Air Programme for Wales is being established this spring to consider evidence and develop and implement actions required across all Government Departments and sectors to ensure Clean Air for Wales.

The intended aim of the Programme is to reduce the burden of poor air quality on human health and the natural environment and, in the nearer term, the requirement to comply with European and domestic legislative air quality obligations.

When the Programme remit has been formally agreed, this and key deliverables associated with the programme can be shared with the committee alongside associated timescales.

Financial Implications – There are not anticipated to be any new financial implications arising. However, if any do emerge then the intention would be to meet these costs from existing budget provision.

Recommendation 12

The Committee recommends that:

The Cabinet Secretary should report to this Committee within the next 6 months on steps he is taking to improve air quality.

Response: Accept

I would be happy to provide an update to the Committee in the next six months on the steps my portfolio are taking to improve air quality.

Financial Implications – There are not anticipated to be any new financial implications arising. However, if any do emerge then the intention would be to meet these costs from existing budget provision.

Recommendation 13

The Committee recommends that:

The Wales Transport Strategy should include targets and mechanisms to monitor air quality in Wales, with specific reference to locations such as schools and hospitals.

Response: Accept in Principle

Our refreshed Wales Transport Strategy will be developing policies that will positively impact on travel behaviour and reduce the negative impact traffic has on our communities and quality of life, including air quality. The Strategy will reflect the Well-Being goals and principles as well as delivering our national strategy “Prosperity for All”.

Financial Implications – There are not anticipated to be any new financial implications arising. However, if any do emerge then the intention would be to meet these costs from existing budget provision.

Recommendation 14

The Committee recommends that:

The Cabinet Secretary should report to this Committee within 6 months on progress relating to the economic action plan, including further information about how decarbonisation commitments will be used in the assessment process for financial support.

Response: Accept

I would be happy to provide an update to the Committee in the next six months on the economic action plan, including further information about how decarbonisation commitments will be used in the assessment process for financial support.

Financial Implications – There are not anticipated to be any new financial implications arising. However, if any do emerge then the intention would be to meet these costs from existing budget provision.