

Financial implications of the Environment (Principles, Governance and Biodiversity Targets) (Wales) Bill

October 2025

1. Introduction

1. The Environment (Principles, Governance and Biodiversity Targets) (Wales) Bill¹ (the Bill) and Explanatory Memorandum (EM)², including the Regulatory Impact Assessment (RIA), were introduced by Huw Irranca-Davies MS, Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs (the Deputy First Minister) on 2 June 2025.

2. The Bill aims to “strengthen and enhance our response to the climate and nature emergencies” by:

- Establishing certain environmental principles and an environmental objective;
- Establishing a statutory body “The Office of Environmental Governance Wales” (OEGW) which will be responsible for ensuring public authorities comply with their duties under environmental law in Wales;
- Amending the Environment (Wales) Act 2016 to establish a biodiversity target setting framework.³

3. The Finance Committee (the Committee) took evidence on the financial implications of the Bill on 2 July 2025⁴, from:

- Huw Irranca-Davies MS, Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs;
- Alice Teague, Deputy Director, Marine and Biodiversity Division, Welsh Government;
- Naomi Matthiessen, Deputy Director, Landscapes, Nature and Forestry Division, Welsh Government.

4. Policy scrutiny of the Bill was undertaken by the Climate Change, Environment, and Infrastructure Committee.⁵

¹ [Welsh Government, Environment \(Principles, Governance and Biodiversity Targets\) \(Wales\) Bill](#)

² [Welsh Government, Explanatory Memorandum](#)

³ [Welsh Government, Explanatory Memorandum, pages 5-6](#)

⁴ [Finance Committee, Agenda, 2 July 2025](#)

⁵ [Climate Change, Environment, and Infrastructure Committee](#)

5. The Legislation, Justice and Constitution Committee also considered the Bill in accordance with matters which fall within its remit.⁶

⁶ Legislation, Justice and Constitution Committee

2. Financial implications of the Bill

Consultation

6. In January 2024, the Welsh Government consulted on its proposals to embed environmental principles in Welsh law, establish an environmental governance body and introduce targets and statutory duties for the protection and restoration of biodiversity in Wales, as set out in its White Paper – Securing a Sustainable Future – Environmental principles, governance and biodiversity targets (White Paper). The consultation documentation included a Regulatory Impact Assessment.⁷

7. The EM includes a summary of these responses and notes that there was broad agreement on the environmental principles and biodiversity targets. Responses to the proposed environmental governance body were more varied with several concerns emerging such as: independence of the environmental governance body; collaboration and avoiding overlap; adequate resourcing; and clear and transparent communication.⁸

8. The Deputy First Minister confirmed that the final proposals in the Bill have changed following the consultation on the White Paper and engagement with counterparts, such as:

- strengthening the duty on Welsh Ministers and Natural Resources Wales (NRW) to have special regard,
- widening the application of the environmental principles to include NRW and public authorities, and
- refining the approach to biodiversity targets and monitoring and reporting provisions.⁹

9. On the impact of these changes from a financial perspective, the Deputy First Minister said:

⁷ [Welsh Government, Securing a Sustainable Future – Environmental principles, governance and biodiversity targets: White Paper, April 2024](#)

⁸ [Welsh Government, Explanatory Memorandum, pages 132-133](#)

⁹ Finance Committee, RoP, 2 July 2025, paragraphs 16-18 and 20

“... there are not actually major changes between the consultation and the final proposals—it's how we work, as opposed to additional resource and financial implications.”¹⁰

10. Addressing concerns raised in relation to the proposed environmental governance body, the Deputy First Minister referred to the importance of avoiding wasting money through duplication and highlighted an example in section 16(7) of the Bill:

“... it expressly provides that a compliance notice, which is one of the tools within the OEGW's toolbox for ensuring compliance, may not require any action to be taken in respect of an administrative decision in relation to a particular person or case, like, for example—to bring it to really grass-roots basics here—the granting of planning permission under the Town and Country Planning Act 1990, or an infrastructure consent Order under the Infrastructure (Wales) Act 2024, made under those Acts. Those are administrative issues, so what we've tried to do in this is to say, 'Here's where this legislation should and must and will bind.' There are other areas we want to keep it away from duplicating, where there's already the Town and Country Planning Act, where there's already the infrastructure Act and so on.”¹¹

Overall costs and benefits

11. The Welsh Government has examined the associated costs and benefits of multiple options for each proposal in the Bill. The Regulatory Impact Assessment (RIA) refers to the consideration of five options for Part 1: Environmental principles; four options for Part 2: Office for Environmental Governance Wales; and three options for Part 3: Biodiversity Targets.¹²

12. The RIA specifies a 10-year appraisal period, covering the years 2025-26 to 2034-35. It presents the total costs for the Bill over this appraisal period.¹³ The RIA also quantifies indicative costs and benefits over a longer 78-year appraisal horizon and these are considered in greater detail later in the chapter.

¹⁰ Finance Committee, RoP, 2 July 2025, paragraph 24

¹¹ Finance Committee, RoP, 2 July 2025, paragraph 38

¹² Welsh Government, Explanatory Memorandum, pages 148-147, 167-168 and 180-181

¹³ Welsh Government, Explanatory Memorandum, page 144

Summary of costs – 10-year appraisal period

13. The total cost of the preferred options of the Bill is estimated to be £33.64 million over 10 years, as shown in Table 1.

Table 1: Summary of total costs of the Bill over the 10-year appraisal period

Preferred option	Cost (£m)
Environmental Principles :A duty on Welsh Ministers and Natural Resources Wales when making policy, supported by a duty on public authorities when conducted Strategic Environmental Assessment (option 5)	1.62
Office of Environmental Governance: Setting up a dedicated Environmental Governance body (option 3).	20.54
Biodiversity Targets: Introduce a new, fit for purpose, biodiversity target setting framework in legislation (option 3).	11.48
Total cost over 10 years	33.64

Source: Environment (Principles, Governance and Biodiversity Targets) (Wales) Bill – Regulatory Impact Assessment, Welsh Government

14. Over the 10-year appraisal period, the RIA identifies the following administrative costs to the Welsh Government:

- transitional costs of £2.23 million, which includes staff costs to implement the environmental principles, and develop and implement biodiversity targets;
- recurrent costs of “approximately £20 million” associated with the new environmental governance body;
- recurrent costs of “approximately £10.3 million” associated with maintaining and monitoring biodiversity targets.¹⁴

15. The total compliance costs to public bodies over the 10-year appraisal period is estimated at £1.07 million in recurrent costs, associated with public authorities’ compliance with new duties to implement the principles when undertaking Strategic Environmental Assessment.¹⁵

¹⁴ Welsh Government, Explanatory Memorandum, page 145

¹⁵ Welsh Government, Explanatory Memorandum, page 146

- 16.** The RIA estimates “minimal additional costs” of £12,700 per annum to NRW.¹⁶
- 17.** The Deputy First Minister confirmed that these costs relate to NRW aligning with the principles and targets set out in the Bill.¹⁷
- 18.** Public bodies are also expected to incur additional compliance costs from participating in OEGW investigations. However, the RIA says “At this stage, it is not known which public bodies will be subject to investigation”.¹⁸
- 19.** The Deputy First Minister’s official also referred to potential additional costs to NRW if it were subject to an investigation by the OEGW:

“We have also tried to assess those in the regulatory impact assessment. We’ve done that as a total quantum of the expected cost across any and all public authorities that could be subject to those investigations over the course of a year. So, that’s estimated at a total of £25,000 per annum. Obviously, we don’t know at this stage whether there would be an investigation of NRW, but those costs are in there as well.”¹⁹

- 20.** The RIA states that no cost savings have been identified.²⁰

Summary of benefits – 10-year appraisal period

- 21.** The benefits from the Bill over the 10-year appraisal period have not been quantified. The RIA states:

“Due to the nature of the provisions, it is challenging to precisely quantify the benefits of their implementation. However, an effort has been made to outline the potential benefits and associated indicative delivery costs, drawing on evidence from the Environment Act 2021 impact assessment. Given that environmental outcomes typically unfold over extended periods, a 78-year appraisal horizon has been adopted, consistent with the benefits evidence base.”²¹

¹⁶ [Welsh Government, Explanatory Memorandum, pages 164-165](#)

¹⁷ Finance Committee, RoP, 2 July 2025, paragraph 124

¹⁸ [Welsh Government, Explanatory Memorandum, page 146](#)

¹⁹ Finance Committee, RoP, 2 July 2025, paragraph 125

²⁰ [Welsh Government, Explanatory Memorandum, page 146](#)

²¹ [Welsh Government, Explanatory Memorandum, page 145](#)

22. To quantify the benefits of the environmental principles part of the Bill, the Welsh Government says it would “need to first know the future policies and legislation to which they would be applied”. It goes on to say that “the application of the principles involves subjective judgement, making it difficult to estimate”.²²

23. In relation to the benefits for the OEGW, the RIA notes that “the benefits are contingent in part upon the subjects of the cases brought before the body”. It states:

“As such, any calculations of specific environmental outcomes would be highly speculative and heavily caveated, rendering them less useful for precise monetisation.”²³

24. Similarly, in relation to biodiversity targets, the RIA states that:

“... without knowing the full remit of the biodiversity targets to be brought forward under the powers this Bill creates, and the target areas and measures it is difficult to provide an accurate accounting of the benefits that the targets will create.”²⁴

25. The Welsh Government suggests that calculations would be “highly speculative, heavily caveated, and of limited use” due to “too little information on the specific environmental outcomes created because of the legislation”.²⁵

Indicative costs and benefits – 78-year appraisal period

26. The RIA quantifies indicative costs and benefits over the 78-year appraisal horizon, drawing on the draft RIA for the White Paper²⁶ which built upon the impact assessment for the UK Environment Act 2021.²⁷

27. On the rationale for calculating costs over a 10-year appraisal period, and then the costs and the benefits over a much longer 78-year appraisal horizon, the Deputy First Minister indicated that the 78-year approach is based on the approach taken by the UK Government in relation to the Environment Act 2021. He explained that an indicative estimate is presented “because we cannot at this

²² Welsh Government, Explanatory Memorandum, page 207

²³ Welsh Government, Explanatory Memorandum, page 208

²⁴ Welsh Government, Explanatory Memorandum, page 209

²⁵ Welsh Government, Explanatory Memorandum, page 209

²⁶ Welsh Government, Securing a Sustainable Future – Environmental principles, governance and biodiversity targets: White Paper, April 2024

²⁷ UK Government, The Environment Bill: Impact Assessment, 3 December 2019

moment monetise benefits from most aspects of the Bill, which are yet to be determined". He went on to say:

*"But the costs within that are good, we think, as an illustrative. The comparison is with the 10-year appraisal period that we've done, but that's standard Green Book approach."*²⁸

28. The total indicative cost of the preferred options of the Bill over the 78-year appraisal horizon is £664 million. The RIA provides no further analysis for reaching this figure.²⁹

29. When asked how the indicative cost over the 78-year appraisal horizon was calculated, the Deputy First Minister said:

*"Those indicative costs of £664 million are derived from the Environment Act 2021 impact assessment. So, they've been refined, we haven't just lifted them and dropped them down; they've been refined using research that we commissioned and adapted to this Welsh context. I've got to keep ramming that home: this is not 'for Wales, read England or Scotland'. So, we've refined them through a commissioned piece of work. And that includes, for example, using population and land area ratios as well, so it really does reflect the Welsh context as far as we possibly can."*³⁰

30. To assist its development of the options, costs and benefits presented in the RIA, the Welsh Government commissioned the Young Foundation, in partnership with WPI Economics, to evaluate the three key areas proposed in the Bill.³¹

31. When asked how the Deputy First Minister has assured himself that the Young Foundation's report on the estimated financial implications of the Bill are accurate, he said:

"We've got confidence in it, because the Young Foundation report provided that base evidence for the cost-benefit analysis of the RIA. But in addition to that, almost as a quality assurance sort of approach, if you like, in shorthand, the team

²⁸ Finance Committee, RoP, 2 July 2025, paragraphs 42, 44 and 45

²⁹ [Welsh Government, Explanatory Memorandum, page 145](#)

³⁰ Finance Committee, RoP, 2 July 2025, paragraph 48

³¹ [The Young Foundation, Environmental Principles, Governance and Biodiversity Targets, June 2025](#)

have worked closely, including with the Young report analysis, with Treasury officials throughout the drafting process. So, not just when it's presented, but actually in the putting together of this to check the calculations and the validity of the assumptions that have been used by the Young Foundation report. So, we have good confidence in that.”³²

32. While the Young Foundation presented its cost-benefit analysis for three scenarios, the RIA uses the “central scenario” in the summary of the costs and benefits for the Bill as a whole. This scenario applies the “most relevant of population and land ratios to each of the categories of benefit that could arise from biodiversity targets”. It quantifies the benefits over 78 years to be £1,717 million.³³ A breakdown is shown in Table 2.

Table 2: Summary of savings over a 78-year appraisal period at 2024 prices

Benefit	Wider Habitat Targets (£m)	Protected Sites Actions (£m)	Total (£m)
Carbon sequestration	572	475	1,047
Air quality regulation	-	51	51
Recreation	258	213	471
Physical Health	80	68	148
Total	910	807	1,717

Source: The Young Foundation – Environmental Principles, Governance and Biodiversity Targets June 2025 – Table 8 and 9

33. Addressing the decision to use the costs and benefits for the central scenario rather than providing a range of values, the Deputy First Minister explained that it is partly “to do with clarity and ease of understanding” but “we also believe that the central one is actually the most realistic of all the scenarios” as it “applies the most relevant population and land ratios”.³⁴

34. In terms of potential divergence from the central estimate over the 78-year appraisal horizon, the Deputy First Minister said:

“... the central one for us, we think, is compelling. But it will change over time, as we get more detail. Will it change

³² Finance Committee, RoP, 2 July 2025, paragraph 30

³³ Welsh Government. Explanatory Memorandum, pages 211-12

³⁴ Finance Committee, RoP, 2 July 2025, paragraph 51

significantly? We don't know. We don't know. But, for now, this is a good model and, I think, a fairly well-established model of doing it. And drawing on the Environment Act 2021, I think, gives us a very good base, because of the working assumptions that they put in, which are the working assumptions we would have put in as well."³⁵

35. The Deputy First Minister's official explained that the Environment Act 2021 is being used as the proxy until the targets are developed, indicating that the Welsh Government will undertake its own modelling and "will have more accurate figures for the RIA for the secondary legislation".³⁶

36. The Deputy First Minister told the Committee that the modelling will "constantly" be reviewed as the Bill and policy develops, adding:

*"... we're not only doing the work to bring forward the right targets, some of which will have different time durations on them as well, but also the ability at any time—and that is important, 'at any time'—to revisit these targets, in case we see it's not quite the right target, or the target could be out of date, or there's something new we need to really focus in on. And, as we do that, we will need to revise then the financial analysis of what we do."*³⁷

Post-implementation review

37. The post-implementation review chapter of the RIA states:

*"Once implemented we will monitor the impact of the provisions and the accompanying Environmental principles and integrating environmental protection statement and guidance through continued engagement with industry representatives via the Stakeholder group."*³⁸

38. It goes on to say "the statement will be updated by Welsh Ministers to reflect changes to the technological and policy landscape" and notes further opportunities for sector representatives to provide evidence on how the principles are working in practice. The OEGW will oversee compliance of public authorities

³⁵ Finance Committee, RoP, 2 July 2025, paragraph 55

³⁶ Finance Committee, RoP, 2 July 2025, paragraph 57

³⁷ Finance Committee, RoP, 2 July 2025, paragraph 60

³⁸ Welsh Government. Explanatory Memorandum, page 243

and Welsh Ministers (the costs associated with the OEGW are considered in Chapter 3).³⁹

39. Once implemented, the impact of the biodiversity targets will be monitored through continued engagement with industry representatives and independent experts.⁴⁰

Committee view

40. The Committee notes the aims of the Bill and its intention to strengthen and enhance the Welsh Government's response to the climate and nature emergencies. The Committee further notes the Bill's estimated cost of £33.64 million between 2025-26 and 2034-35, with indicative costs of £664 million and benefits of £1,717 million over a 78-year appraisal horizon (2025-26 – 2103-04).

41. We note the novel 78-year appraisal horizon adopted for this RIA, which is based on the approach taken by the UK Government when undertaking the cost-benefit analysis for the Environment Act 2021. The Deputy First Minister told us an indicative estimate is presented “because we cannot at this moment monetise benefits from most aspects of the Bill, which are yet to be determined”.⁴¹

42. We acknowledge that some provisions in the Bill give rise to costs and benefits that extend beyond the standard 10-year appraisal period suggested in the UK Treasury's Green Book.⁴² Nevertheless, the Committee found it deeply challenging to assess the accuracy of these costs and benefits over such a lengthy appraisal period. We have considered the Bill and RIA as they are presented, but it is important to recognise the indicative nature of the estimates presented, as well as the risks associated with such long-term forecasting and the potential for costs and benefits to change during that time. As a result, the Committee found it difficult to identify the full picture of costs associated with the Bill. In particular, we are disappointed that the RIA provides no explanation or analysis for the estimated indicative cost of £664 million over the 78-year appraisal horizon. This approach is not helpful in terms of transparency and we ask for these details to be provided.

43. We heard that the Welsh Government will undertake its own modelling of costs for this Bill which will be “constantly” reviewed as the Bill and policy

³⁹ [Welsh Government, Explanatory Memorandum, page 243](#)

⁴⁰ [Welsh Government, Explanatory Memorandum, page 245](#)

⁴¹ Finance Committee, RoP, 2 July 2025, paragraph 44

⁴² [HM Treasury, The Green Book: central government guidance on appraisal and Evaluation, 2022](#)

develops, and that more accurate figures will be available for RIAs accompanying the subordinate legislation made under this Bill. We reiterate our previous recommendations in this regard, that we expect RIAs for subordinate legislation to be comprehensively and accurately costed, and we call on the Deputy First Minister to provide assurances in this area.

44. We also expect a quantitative assessment of the actual costs and benefits of the Bill to be included in the post-implementation review, to ensure the objectives of the Bill are being delivered in line with expectations and that value for money has been achieved. This is particularly important given the scale and significance of the changes proposed in the Bill and the indicative nature of the estimates presented.

Conclusion 1. The Committee is broadly content with the financial implications of the Bill as set out in the Regulatory Impact Assessment, subject to the comments and recommendations in this report. Should there be significant changes to the Regulatory Impact Assessment as a result of the recommendations made in this report, the Committee may consider those changes in more detail.

Recommendation 1. The Committee recommends that the Deputy First Minister details how the indicative cost of £644 million over the 78-year appraisal horizon has been calculated, and includes this information in a revised Regulatory Impact Assessment, after Stage 2.

Recommendation 2. The Committee recommends that the Deputy First Minister commits to providing full transparency in relation to the costs by publishing full and robust Regulatory Impact Assessments to accompany subordinate legislation made under the Bill.

Recommendation 3. The Committee recommends that the Deputy First Minister quantifies and publishes the actual costs and benefits arising from the Bill as part of the post-implementation review, and confirms the proposed timescales for the review.

3. Costs of specific elements of the Bill

Environmental Governance Body

45. Part 2 of the Bill establishes the OEGW “to provide independent strategic oversight of the effectiveness, application and implementation of environmental law, including any failures by public authorities to comply with environmental law”.⁴³

46. Establishing a standalone environmental governance body is estimated to cost £20.54 million over the 10-year appraisal period.⁴⁴

Table 3: Office of Environmental Governance Wales: Estimated costs

Changes from baseline	Cost (£)
Governance body direct costs	20,503,700
Other public bodies indirect costs	38,200
Total additional cost	20,541,900

Source: Environment (Principles, Governance and Biodiversity Targets) (Wales) Bill – Regulatory Impact Assessment, Welsh Government

47. The Committee questioned the rationale for establishing a new body rather than providing an existing body with the functions or extending the Office for Environmental Protection’s (OEP) functions⁴⁵ to Wales. The Deputy First Minister said “there’s no existing body in Wales suitable or capable of fulfilling the role” with NRW carrying out “a very different function”. He added:

“... the other consideration is we have devolved control of environmental law here in Wales. We’ve used it numerous times to achieve environmental outcomes in Wales. So, the organisation responsible for overseeing this law must, therefore, reflect the Welsh context. And that is really important. It’s not just the Well-being of Future Generations (Wales) Act 2015. There are other policies and legislative pieces in our framework

⁴³ Welsh Government, Explanatory Memorandum, page 6

⁴⁴ Welsh Government, Explanatory Memorandum, page 204

⁴⁵ The Office for Environmental Protection’s work covers England and Northern Ireland (and reserved matters across the UK).

that are not in England. And the new body would have to do that."⁴⁶

48. The Deputy First Minister highlighted that the RIA evaluates the pros and cons of the options, and described extending the OEP's functions to Wales as "really sub-optimal" and "a backward step" in terms of Senedd scrutiny and influence. He said it would also require "an expected budget and staffing budget of a similar order that would be needed for a dedicated body to reflect our Welsh context". He went on to say:

*"... based on our analysis of this needing to be a body that's lean and efficient, but which also reflects the Welsh context, is that our design here with a Wales body means that we're not constrained to the same systems and approaches as the OEP. It enables us then to reflect lessons, going forward, about what works and what hasn't worked."*⁴⁷

49. The RIA identifies a one-off set-up cost of £480,000, to be incurred in 2025-26, followed by recurring costs starting at £2.79 million annually from 2026-27, based on Welsh Government budget estimates.⁴⁸ This equates to £25.1 million over the 10-year appraisal period.

50. The RIA notes that the estimate of £2.79 million is based on the running costs of Environment Standards Scotland (ESS) which it says is a suitable proxy in terms of size.⁴⁹ The Young Foundation report states that this estimate is "based on the legacy of the ESS".⁵⁰

51. The Committee explored the rationale for basing the running costs of the OEGW on the Scottish model, given the need to reflect the Welsh policy and legislative context and the differences in land area and population sizes. The Deputy First Minister said:

*"... it's not the scale that's the important thing; it's the functions and the authority and the independence and the capacity of this organisation to do what we require."*⁵¹

⁴⁶ Finance Committee, RoP, 2 July 2025, paragraphs 77-78

⁴⁷ Finance Committee, RoP, 2 July 2025, paragraphs 78-79

⁴⁸ [Welsh Government. Explanatory Memorandum, page 175](#)

⁴⁹ [Welsh Government. Explanatory Memorandum, page 175](#)

⁵⁰ [The Young Foundation. Environmental Principles, Governance and Biodiversity Targets, June 2025, page 61](#)

⁵¹ Finance Committee, RoP, 2 July 2025, paragraph 82

52. ESS received £3.1 million annual resource funding in 2025-26.⁵²

53. The RIA provides no breakdown of the £2.79 million annual running costs for the OEGW.

54. In terms of the number of staff, the latest 2023-24 accounts for ESS shows around 24 full-time equivalents, with seven board members (not full-time equivalent). The range of full-time equivalent pay bands shown in the ESS accounts are a minimum of £30,000-£35,000 to a maximum of £110,000-£115,000, with the median total remuneration being around £46,000. These do not include on-costs.⁵³

55. The Deputy First Minister explained that the OEGW costs are based on a “similar staffing structure” to ESS and reflective of “estimated civil service staffing costs for the right type of roles in that organisation”. He continued:

“It will, however, be for the OEGW ultimately to use their expertise to determine the most effective staffing structure to deliver these functions. We'll need to provide the budget and the structures will be subject to ministerial agreement...”⁵⁴

56. He also mentioned that the cost estimates factor in “around 15 full-time equivalents, on a range of grades”, adding:

“But to be crystal clear, there isn't going to be anybody in this organisation sitting around twiddling their thumbs. We anticipate it will be lean and mean, very directive, very efficient.”⁵⁵

57. In terms of the availability of specialist expertise and mitigating the risk that other organisations may lose high-quality staff to the OEGW, the Deputy First Minister acknowledged “that there are some genuine concerns here” which also applies in other areas of work, such as flood and coastal risk management and mining remediation. He suggested the Bill would provide opportunities to strengthen the skills gaps identified:

“... we'll need bespoke training, we'll need peer-supported learning, we'll need cross-sector collaboration. We will need to

⁵² [Scottish Government, 2025-26: Level 4 Budget tables as amended at Stage 2 and Stage 3](#)

⁵³ [Environmental Standards Scotland, Annual Report and Accounts 2023-24, pages 62-63](#)

⁵⁴ Finance Committee, RoP, 2 July 2025, paragraph 85

⁵⁵ Finance Committee, RoP, 2 July 2025, paragraph 94

build capacity. I can reassure you that we are working right across the sector to find the solutions to these challenges.”⁵⁶

58. The RIA states that “establishing a single public authority involves unquantifiable costs related to the time required for it to become operational and effective”.⁵⁷

59. The Deputy First Minister told the Committee that unquantified costs may arise in the absence of a full complement of staff or the board:

“That ... is why we need to give that time for this organisation to be fully set up, before we operationalise all of its functions, because if we do it before it's fully set up, then we're almost dooming it to failure from word 'go'. It needs to be fully resourced.”⁵⁸

60. The RIA acknowledges that the creation of OEGW may generate additional costs for the Wales Audit Office due to “their need to audit and engage with the new organisation”. The RIA states “at this stage, these costs are unknown”.⁵⁹

Statutory biodiversity-target setting framework

61. The cost of implementing the statutory biodiversity target framework totals £11.48 million over the 10-year appraisal period.

Table 4: Biodiversity targets: Estimated cost

Change from baseline	Transitional (£)	Recurrent (£)	Cost (£)
Development of policy/targets	370,000	3,829,700	4,199,700
Implementation and monitoring	0	7,277,800	7,277,800
Total additional cost	370,000	11,107,500	11,477,500

Source: Environment (Principles, Governance and Biodiversity Targets) (Wales) Bill – Regulatory Impact Assessment, Welsh Government

62. The total staff cost to develop and maintain the framework is estimated to be £303,900 each year, totalling £3,038,600 over the 10-year appraisal period. The RIA provides a breakdown of staff needed (by grades and percentage of their

⁵⁶ Finance Committee, RoP, 2 July 2025, paragraphs 101-102

⁵⁷ Welsh Government, Explanatory Memorandum, page 146

⁵⁸ Finance Committee, RoP, 2 July 2025, paragraph 110

⁵⁹ Welsh Government, Explanatory Memorandum, page 175

time) indicating that 13 staff at grades ranging from Deputy Director (average staff cost of £134,146) to Higher Executive Officer (average staff cost of £59,808) will be required.⁶⁰

63. Furthermore, “legal services staff, translation costs and drafting support from the Office of Legislative Counsel” will also be required during the development and implementation of the framework over the financial years 2026-27 and 2027-28 at £395,500 each year, giving a total legislative development costs of £791,100.⁶¹

64. This equates to recurrent staff costs of £3,829,700 over the 10-year appraisal period.

65. The Deputy First Minister’s official confirmed that the Welsh Government has examined the cost comparison and staffing mix in England, Scotland and comparable models in Wales, including net-zero reporting and monitoring requirements.⁶²

Committee view

66. We note the Deputy First Minister’s view that establishing a new standalone environmental governance body is necessary to reflect the distinct Welsh policy and legislative context. We further note his evidence that no existing body in Wales is suitable or capable of fulfilling this role and that the body will be “lean and efficient”, with estimated annual running costs of £2.79 million.

67. Given the emphasis placed by the Deputy First Minister on the importance of establishing a bespoke body for Wales to the effectiveness of the Bill, we are surprised that the costs presented are based on the running costs of ESS. Furthermore, we are disappointed that the RIA provides no breakdown of the £2.79 million annual running costs for the proposed OEGW and we would like to understand how these costs have been calculated. We are particularly disappointed with the lack of details relating to staff costs by grade and the cost impact on the Wales Audit Office.

68. Implementing the statutory biodiversity target framework is estimated to cost £11.48 million over the 10-year appraisal period. We welcome the detail in the RIA relating to staffing costs and note that this estimate has been developed by

⁶⁰ [Welsh Government, Explanatory Memorandum, pages 187, 195 and 205](#)

⁶¹ [Welsh Government, Explanatory Memorandum, pages 195 and 205](#)

⁶² Finance Committee, RoP, 2 July 2025, paragraph 114

comparing cost and staffing mix in England, Scotland and other comparable models in Wales.

Recommendation 4. The Committee recommends that the Deputy First Minister details how the £2.79 million annual running cost for the Office of Environmental Governance Wales was calculated, and explains why these costs are based on the running costs of Environment Standards Scotland and how they were revised to take account of the Welsh context, and includes this information in a revised Regulatory Impact Assessment, after Stage 2.

Recommendation 5. The Committee recommends that the Deputy First Minister provides a breakdown of the staffing resources required, by grade, for the Office of Environmental Governance Wales, and includes this information in a revised Regulatory Impact Assessment, after Stage 2.

Recommendation 6. The Committee recommends that the Deputy First Minister, in consultation with the Auditor General for Wales, estimates the cost to the Wales Audit Office for engaging with, and auditing, the proposed Office of Environmental Governance Wales, and includes this information in a revised Regulatory Impact Assessment, after Stage 2.