

Agenda – Climate Change, Environment and Rural Affairs Committee

Meeting Venue:

Committee Room 3 – Senedd

Meeting date: 13 February 2020

Meeting time: 09.05

For further information contact:

Marc Wyn Jones

Committee Clerk

0300 200 6363

SeneddCCERA@assembly.wales

Pre-meeting (09.05 – 09:15) PRIVATE

- 1 **Introductions, apologies, substitutions and declarations of interest**
(09.15)

- 2 **Fuel Poverty – Scrutiny of the Minister for Environment, Energy and Rural Affairs and the Minister for Housing and Local Government**
(09.15 – 10.45) (Pages 1 – 38)

Lesley Griffiths AM, Minister for Environment, Energy and Rural Affairs

Julie James AM, Minister for Housing and Local Government

Christine Wheeler, Head of Decarbonisation and Energy – Welsh Government

Stephen Chamberlain, Domestic Energy and Fuel Poverty team – Welsh Government

Attached Documents:

Research brief

Paper – Welsh Government



Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales

3 Paper(s) to note

3.1 Welsh Government response to the Committee's Annual Report on the Welsh Government's progress on climate change, 2019–20

(Pages 39 – 45)

Attached Documents:

Letter and response

4 Motion under Standing Order 17.42 (vi) to resolve to exclude the public from item 5 of today's meeting

PRIVATE (10.45 – 11.15)

5 Consideration of evidence received under item 2

Document is Restricted

Lesley Griffiths AC/AM
Gweinidog yr Amgylchedd, Ynni a Materion Gwledig
Minister for Environment, Energy and Rural Affairs



Llywodraeth Cymru
Welsh Government

Mike Hedges AM
Chair of Climate Change, Rural Affairs and Environment Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

30 January 2020

Dear Mike,

Thank you for inviting myself and my Cabinet colleague Julie James AM, Minister for Housing and Local Government, to attend committee on 13 February to give evidence to support your inquiry into fuel poverty in Wales.

Statutory targets for eradicating fuel poverty in Wales were first published in 2003 in the Fuel Poverty Commitment for Wales. These targets were restated in the Fuel Poverty Strategy 2010. The target was to eradicate fuel poverty amongst vulnerable homes by 2010, social housing by 2012 and all homes by 2018, where reasonably practicable. Whilst these targets have not been achieved, headline estimates of fuel poverty published in May and the detailed analysis published in August suggests the level of fuel poverty in Wales has halved since 2008.

Nonetheless, too many people in Wales continue to struggle to meet the cost of maintaining a satisfactory temperature in their home and too many people living on lower incomes are excluded from securing better deals from the current commercialised energy market. This has a disproportionate, negative impact on lower income households living in less energy efficient homes.

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1NA

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400

Gohebiaeth.Lesley.Griffiths@llyw.cymru
Correspondence.Lesley.Griffiths@gov.wales

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

Back Page 32
We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Since 2000, the Welsh Government has invested in homes where people have been struggling to meet the cost of their home energy needs. Under the Home Energy Efficiency Scheme operating between 2001 and 2009, more than 108,600¹ homes benefitted from energy efficiency measures. Investment has continued under the Warm Homes Programme.

As at the end of March 2019, investment of more than £327m, which includes investment from European and UK Government Schemes such as the Energy Company Obligation (ECO), has been delivered through the Warm Homes Programme. The Nest and Arbed Schemes have improved the energy efficiency of more than 55,000 homes in Wales. More than 129,000 people have received energy efficiency advice through the Warm Homes Programme since 2011.

Alongside the Warm Homes Programme, we have also worked with UK Government initiatives such as the ECO scheme and the Fuel Poor Network Extension Scheme (FPNES) to reduce fuel poverty in Wales. The UK Government reports, as of June 2019², an estimated 100,000 homes in Wales have benefitted from 133,000 energy efficiency measures installed under the ECO scheme since 2013. We have also invested in improving the lives of people living in social housing. We have provided around £108m annually to help social landlords ensure their homes meet the requirements of the Welsh Housing Quality Standard (WHQS), which includes improvements to energy efficiency. The £108m is split between the eleven Local Housing Authorities who have retained their council housing, and ten social landlords established to assume responsibility for council housing.

In Wales we do not hold all of the levers which influence the factors contributing to fuel poverty. For example, although we have taken action as a Government to increase people's incomes, the UK Government's policy of austerity has depressed household incomes. Likewise, the UK energy market is regulated by Ofgem and policy is driven by the UK Government. In working towards our goal of eradicating fuel poverty as far as reasonably practicable, we have focussed on the areas where we have the greatest ability to influence:

- Helping people improve the energy efficiency of their homes through advice and by installing energy efficiency improvements; and
- Helping people make more informed decisions on energy to lower their bills.

The Welsh Government knows warmer homes keep people healthier, improves their physical and mental wellbeing together with their quality of life. Improving the energy efficiency of people's homes not only reduces domestic fuel bills, but also contributes to our wider goal of decarbonisation. Our low carbon delivery plan *Prosperity for All: A Low Carbon Wales* outlines how more energy efficient homes can help to tackle the climate emergency. In July 2019 the Ministerial Advisory Group on the Decarbonisation of Housing submitted its independent report on decarbonising existing homes, which included recommendations on improving energy efficiency. *Better Homes, Better Wales, Better World* noted our 1.4 million homes are responsible for 27% of all energy consumed and 15% of all demand-side Green House Gas Emissions.

¹ Tackling Fuel poverty Strategy Wales 2010

² BEIS Energy Company Obligation statistics dated

In your letter of 18 December, you asked specific questions in relation to our efforts to tackle fuel poverty in Wales and I will now address these questions in turn.

How the Welsh Government measures fuel poverty and whether the methodology has changed since the 2008 fuel poverty estimates were produced. If the methodology has changed, for an explanation of the change.

A household is regarded as being in fuel poverty if they are unable to keep their home warm at a reasonable cost. In Wales, a household is measured as being in fuel poverty if they have to spend more than 10% of their income on maintaining a satisfactory heating regime, as recommended by the World Health Organisation (WHO). This means a minimum indoor temperature of 21 degrees centigrade in living rooms and 18 degrees centigrade in other areas. The total fuel costs for a household are modelled using standard heating regimes which consider how much money the household would be required to spend on fuel costs in order to reach the established standards for comfort. A household spending more than 20% of income is regarded as being in severe fuel poverty. Vulnerable households are defined as those with a person aged 60 years or over, a child or young person under the age of 16 years and/or a person who is disabled or has a long term limiting condition.

A detailed analysis of our fuel poverty estimates for 2018 were published in August 2019. The measures, together with the methodology used to estimate levels of fuel poverty are unchanged from 2008. Some procedures on which fuel poverty estimates are based, such as the Reduced Data Standard Assessment Procedures (RdSAP) used to calculate the energy efficiency of existing homes, were refined between 2008 and 2018. The overall effect on estimated levels of fuel poverty published in 2008 is marginal.

A summary of the method used to calculate the estimates and a detailed methodology report has been produced for users and is available to view at <https://gov.wales/fuel-poverty-estimates-wales-background>

Outline how the Welsh Government monitors the success of the Warm Homes Programme

Since its introduction in 2011, our Warm Homes Programme has been the focus of our efforts to tackle fuel poverty and its success has been measured by the improvement in the energy efficiency rating of the homes benefitting from the schemes. Monitoring by the Welsh Government is ongoing, with annual reports produced by the scheme manager for Nest and soon being introduced for Arbed 3.

Between 2011 and March 2019, more than 37,700 homes benefitted from home energy efficiency measures through the Nest Scheme. Of these homes, 43% were rated Energy Efficiency Performance Certificate (EPC) G before measures were installed, 51% rated EPC F and 6% rated at EPC E. Following the installation of home energy efficiency measures, 27% of homes had improved to an EPC C rating, 53% improved to an EPC D rating and 16% improved to an EPC E rating. The remaining 4%, which were some of the most hard to treat properties, achieved a modest EPC rating of F or G.

EPC Band	Before measures	After measures
Band C		27%
Band D		53%
Band E	6%	16%
Band F	51%	4%
Band G	43%	

Table 1 – EPC improvement reported through Nest Scheme 2011 to March 2019 source Nest Annual Reports

Assessing the expected improvements in home energy efficiency ratings following the installation of home energy efficiency measures, however, does not necessarily result in people being lifted out of fuel poverty. There are a variety of reasons for this. Improved EPC ratings are based on modelled savings based derived from the measures installed. This does not take account of the personal characteristics of the home or the behaviours of the people living in it. People benefitting from measures installed through our Warm Homes Programme are better able to maintain a satisfactory heating regime, although no reduction in the cost of energy used may have been achieved. This may be especially true in homes where self-rationing or self-disconnection has been evident. A more sophisticated monitoring and evaluation framework is required to ensure our programmes deliver real benefits to people who are struggling to meet the cost of energy needed to maintain a satisfactory heating regime.

Outline how the Welsh Government plans to address the vulnerability of private-rented sector households to fuel poverty

Across all tenures in Wales, the average energy efficiency rating has improved from a band E in 2008 to Band D in 2017-18. Homes built since 2002 have an average SAP rating of 73 compared with an average SAP of 53 for older homes built before 1919. More than 40% of privately rented homes in Wales were built before 1919³. Households in the Private Rented Sector (PRS) are more likely to be fuel poor, with 20% of these households living in fuel poverty⁴.

Minimum Energy Efficiency Standards (MEES) imposed on the PRS are set by Regulation by the UK Government. The MEES Regulations are enforced by local authorities, who have a range of powers to check and ensure compliance. In Wales, this function is performed by Rent Smart Wales. The Regulations mean since 1 April 2018, private landlords may not let domestic properties on new tenancies to new or existing tenants if the EPC rating is F or G (unless an exemption applies). From 1 April 2020 the prohibition on letting EPC F and G properties will extend to all relevant properties, even where there has been no change in tenancy.

The UK Government has made provision for an exemption within the Regulations if the property cannot be improved to an EPC E for £3,500 or less. In such cases, it is recommended landlords make all the improvements which can be made up to this amount, then register an 'all improvements made' exemption. The exemption is applied for five years, after which time landlords are required to make further efforts to achieve the EPC E rating, or apply for a further exemption.

In Wales, tenants of homes in the PRS, which now accounts for 15% of housing in Wales⁵, have been eligible to apply for home energy efficiency measures under the Warm Homes Programme Nest Scheme. A maximum of three properties under the ownership of a landlord may benefit from improvements under the scheme, although permission can be granted by the Welsh Government for more than three properties to be improved where there is a legitimate case for doing so.

³ Welsh Housing Conditions Survey published December 2018

⁴ Fuel Poverty estimates Wales 2018

⁵ Welsh Housing Conditions Survey published December 2018

Support for homes in the PRS was considered in the Welsh Government's 2016 public consultation in relation to the Nest Scheme. Most respondents generally accepted the principle private landlords should be responsible for installing energy efficiency measures in their properties, but accepted removing grant support under the scheme was not appropriate at the time due to the current lack of alternative support mechanisms.

The majority of respondents felt Home Improvement Loans did not provide a sufficient alternative on their own due to the lack of incentives to ensure landlords take action in this area. The policy position adopted in 2016 was to maintain the eligibility of homes in the PRS providing landlords were registered with Rent Smart Wales.

Continued support to tenants in the PRS also supports our efforts to advance Equality of Opportunity. Evidence from England⁶ indicates across all socio-economic groups and all regions, White British households were less likely to rent from a private landlord than those from all other ethnic groups combined. Black people are the most overrepresented in the PRS. Results from the National Survey for Wales support reflects this also. In 2018-19, 49% of people with self-declared non-white ethnicity lived in an owner occupied home, compared with 74% of people from a white ethnic group. People of non-white ethnicity are over represented in the PRS, with 32% living in private rented accommodation, compared with 13% of people from a white ethnic group.

Evidence from the latest Welsh Housing Conditions Survey published in December 2018 suggests homes in the PRS remain the oldest and least thermally efficient homes in Wales. There is, therefore, a compelling argument for the Welsh Government to continue to support the delivery of home energy efficiency improvements in the PRS through the Warm Homes Programme. This will be considered further as proposals are brought forward about how the current Warm Homes Programme can be further improved in future years.

Explain how the three Arbed schemes have differed from one another

The Arbed 1 Scheme (2010 – 2012) was developed to stimulate the installation of domestic energy efficiency and renewable energy measures to improve the housing stock, increase economic investment in the low carbon market and assist in cutting carbon emissions. Funding was made available and administered by Welsh Government directly to Registered Social Landlords (RSL) and local authorities (LA) in Wales in order to improve social housing and owner occupier homes within their areas. In addition to Welsh Government funding, Arbed 1 was designed to secure additional funding from UK Government, local authorities and RSLs to maximise the benefits to the communities involved.

The aims and objectives of the Arbed 2 Scheme (2012 – 2015) remained broadly consistent with Arbed 1. In addition to Welsh Government, UK Government and local funding, Arbed 2 also benefitted from funding from the European Regional Development Fund of some £33m. Unlike Arbed 1, the scheme was delivered by two scheme managers under contract to the Welsh Government, being Melin Homes in south Wales and Willmott Dixon in north Wales.

The Arbed 2 Local Authority Partnership Scheme (2015-2018) was introduced as interim arrangements to extend the area based scheme until new arrangements could be put in place. It relied on grant funding being made available to local authorities to develop local energy efficiency schemes in their areas.

⁶ <https://www.ethnicity-facts-figures.service.gov.uk/>

In May 2018, the contract to deliver Arbed 3 was awarded to Arbed am Byth (AaB), a joint venture between the Energy Savings Trust and Everwarm. The initial three year contract term with AaB ends March 2021, with an option to extend for up to a further two years. The Arbed 3 Scheme’s primary objective is improving the energy efficiency of properties in areas where people may be at risk of living in fuel poverty. As with Arbed 2, the scheme attracts European Regional Development funding, Welsh Government and UK Government funding through schemes such as the Energy Company Obligation Scheme and Fuel Pipe Network Extension Scheme, which is designed to connect homes to the gas network.

Provide historic spend data for its fuel poverty programmes

Since its inception and as at the end of March 2019, the direct investment made by the Welsh Government in the Warm Homes Programme, including European Structural funds of £33m for Arbed 2, is estimated at £258m. This comprises £150m for Nest and £108m for Arbed. Through the Warm Homes Programme, investment sourced through the Energy Company Obligation is £69m. This comprises £15m through Nest and £54m through Arbed. Total Investment delivered through Warm Homes Programme is £327m to March 2019, £164.5m through Nest and £162.5m through Arbed. This investment has improved the energy efficiency of more than 55,000 homes in Wales.

Scheme	Year	Funding	Homes Improved
Arbed 1	2010-2012	£68.01m	7,585
Nest 1	2011-2018	£148.25m	33,916
Arbed 2	2012-2015	£65.44m	6,535
Arbed 2 LA Partnership	2015-2018	£28.4m	3,061
Nest 2 (to March 2019)	2018 - 2021	£15.9m	3,817
Arbed 3 (to March 2019)	2018 - 2021	£1.2m	145

Table 2 – Breakdown of expenditure – Warm Homes Programme 2010-2019

Explain why there has been an under-spend for Arbed 3 so far, as highlighted by the report of the Wales Audit Office.

The current contract to deliver Arbed 3 was awarded in May 2018 to a newly formed scheme management organisation. Following a prolonged mobilisation period, which had the effect of depressing activity in the first year of the contract, additional delivery challenges had been identified during mobilisation. Whilst AaB has sought to work with Local Authorities to identify potential clusters of properties which would benefit from improvement, much of the data held both publicly and by Local Authorities was not of sufficient quality to support the development of local area based projects. In addition, with more than 150,000 homes in Wales receiving measures through the Warm Homes Programme and ECO in the previous decade, identifying large clusters of homes suitable for an area-based scheme has been increasingly challenging. As a consequence, more preparatory work and data analysis has been required to develop the Arbed 3 programme of work.

The Arbed 3 delivery in 2019/20 has improved and Welsh Government has utilised flexibility in other capital budgets to ensure the under-spend in 2018/19 can be recovered in 2019/20 and 2020/21. There is the potential scope to increase the numbers of properties benefitting from home energy efficiency measures should additional funding become available.

Next steps

This month, I expect to publish a new draft plan to tackle fuel poverty in Wales for public consultation, setting out how we can further reduce the number of people living on a lower income and struggling to meet the cost of a satisfactory heating regime. The plan has been informed by the discussions I have held over the past twelve months with key stakeholders working to tackle fuel poverty and the Ministerial round table I hosted in June.

The actions I will be proposing have also been informed by the landscape review into fuel poverty published by the Wales Audit Office in October. I am looking forward to the results emerging from the work of this Committee, which I trust will shed further light on how best we can remove the blight of fuel poverty from our society once and for all.

A handwritten signature in black ink that reads "Lesley Griffiths". The signature is written in a cursive style with a large, sweeping 'L' and 'G'.

Lesley Griffiths AM
Minister for Environment, Energy and Rural Affairs

Agenda Item 3.1

Lesley Griffiths AC/AM
Gweinidog yr Amgylchedd, Ynni a Materion Gwledig
Minister for Environment, Energy and Rural Affairs



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: MA/LG/0267/20

Mike Hedges AM
Chair
Climate Change, Environment, and Rural Affairs Committee
National Assembly for Wales

31 January 2020

Dear Mike,

Thank you for the Annual Report of the Climate Change, Environment and Rural Affairs Committee on the Welsh Government's progress on climate change, 2019-20. Please find attached a response on behalf of the Welsh Government to the Committee's recommendations. If you feel the Committee would benefit from a discussion with the Committee on Climate Change Secretariat on any of these matters, I would be happy to make the request on your behalf.

Regards,



Lesley Griffiths AC/AM
Gweinidog yr Amgylchedd, Ynni a Materion Gwledig
Minister for Environment, Energy and Rural Affairs

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1NA

Gohebiaeth.Lesley.Griffiths@llyw.cymru
Correspondence.Lesley.Griffiths@gov.wales

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Written Response by the Welsh Government to the Climate Change, Environment and Rural Affairs Committee's Annual report on the Welsh Government's progress on climate change, 2019-20

The Minister for Environment, Energy and Rural Affairs welcomes the report from the Committee and the engagement around this agenda, especially in this important year in the run up to the United Nations, Conference of the Parties (COP26) on climate change. The Welsh Government accepts most of the recommendations but is unable to accept one recommendation. Further detailed information is outlined below.

Recommendation 1. The Welsh Government should publish as soon as possible the advice it has commissioned from the UK CCC on its aspiration to reach net-zero by 2050.

Response: Accept

The Committee on Climate Change (CCC) will publish the advice on its website in September 2020. We will provide and publish a link to their site.

As the Welsh Government has accepted the CCC's recommendation to increase Wales's 2050 target to 95%, I have asked the CCC for advice on the changes required to the existing interim targets for 2030 and 2040, and the second carbon budget (2021-25). I have also asked for advice on setting the level of the third carbon budget (2026-30) and on the limit on the amount of carbon units that may be credited to the net Welsh emissions account in the second carbon budget.

The Welsh Government also has an ambition to bring forward a net-zero target in the future. I have, therefore, also asked the CCC for advice on the options available to Wales for reaching that goal.

Financial implications: None.

Recommendation 2. The Minister should provide details about the timetable for bringing forward subordinate legislation to amend the 2050 and interim targets.

Response: Accept

The CCC is running a call for evidence to inform its advice until 5 February and I expect to receive the advice in September. Subject to scheduling, it is my intention to lay legislation in October ahead of a plenary session in November. We are scheduling this in advance of the United Nations Conference of the Parties (COP26) this year, which is being held in Glasgow, so we can ensure Wales goes with the message, we are ready to play our part and call upon others to join with us and legislate for this ambition.

Financial implications: None.

Recommendation 3. The Welsh Government should commit to consulting the Assembly, stakeholders and the public on future carbon budgets and associated regulations. The absence of an explicit requirement to consult in the Environment (Wales) Act 2016 should not be used as a reason not to do so.

Response: Accept in principle

We understand the Senedd wants stakeholders to be given the opportunity to feed in to the development of the supporting regulations under the Environment (Wales) Act. Although the Act does not contain an explicit requirement, we have widened our engagement approach. The Senedd, stakeholders and the public are able to influence the setting of carbon budgets by contributing to the CCC's calls for evidence, which inform their advice to Welsh Ministers. We have supported calls for evidence in 2017 and again in 2020, which included events in North and South Wales to enable stakeholders to be part of the process. These Calls are important as the setting of our carbon budgets needs to have a robust evidence base. As we are required to seek the CCC's advice before setting a carbon budget and as long as the CCC is willing to run calls for evidence to inform that advice, we will continue to hold events and promote the Call to ensure Welsh stakeholders views are heard. Furthermore, the laying process through the Senedd provides a supporting scrutiny process.

Financial implications: Costs associated with supporting the CCC's calls for evidence will be met from existing budgets.

Recommendation 4. The Welsh Government should request that the UK CCC separates data on Welsh emissions reduction according to devolved and non-devolved areas. The UK CCC should adopt this approach as soon as is reasonably practicable.

Response: Accept

My officials have raised this issue with the CCC Secretariat and will continue to discuss how the recommendation could be delivered. It may be relatively easy for the CCC to provide qualitative analysis, while a quantitative view is likely to be much more challenging given the nature of the devolution settlement and the difficulty in apportioning any change in emissions to a specific policy.

The CCC's 2019 Scotland Progress Report identified which Government had primary responsibility for its recommended short- and medium-term actions in each emissions sector. I will ask the CCC to provide equivalent analysis in its first Wales Progress Report, due in September 2020.

Financial implications: There may be costs associated with additional CCC analysis, which will be confirmed through further discussion with them. Any costs will be met from existing budgets.

Recommendation 5. The Welsh Government should report back to this Committee within 6 months on how it will address the disconnect in the timetables for carbon budgets and reports on whether they will be met. It should develop its approach in consultation with stakeholders.

Response: Accept in principle

We are happy to outline the approach for the timing of the carbon budgetary cycle within the next 6 months and explain why it has been designed that way. Stakeholders have not raised this with us recently, as the timing of the carbon budgetary cycle was discussed only a few years ago when the Environment (Wales) Bill went through the Senedd process. The carbon budgets should be set on the basis of what the science requires, advice from the CCC and other considerations required under the legislation, rather than purely on whether our performance to date allows them to be met, if we are to achieve the goal of avoiding dangerous levels of climate change.

Financial implications: None.

Recommendation 6. The Welsh Government's draft Budget should explain and demonstrate clearly how funding allocations will support the decarbonisation priority.

Response: Accept

The 2020-21 draft budget was the first budget since our declaration of a climate emergency, where we have allocated a new £140 million package of capital funding to support our ambitions for decarbonisation and to protect our environment. The budget also protects the significant ongoing investments we are making in support of our low-carbon delivery plan. The supporting budget narrative explains how we have done this: <https://gov.wales/sites/default/files/publications/2019-12/2020-2021-draft-budget-narrative.pdf>

As has been outlined by Ministers as part of scrutiny of the 2020-21 Draft budget, we recognise that assessing the direct contribution to decarbonisation that specific expenditure achieves is not a simple process in many cases. However as has also been stated where an investment is one against which a meaningful estimate of its carbon impact can be made, it is right that this assessment is undertaken.

Financial implications: None.

Recommendation 7. The Welsh Government should undertake a separate piece of work, in consultation with stakeholders, to assess how its engagement with stakeholders and the public could be improved in time for the development of the next iteration of its decarbonisation plan.

Response: Accept

The First Minister outlined our next low carbon delivery plan needs to be an All Wales Plan. The challenge of climate change is the responsibility of all Ministers. This means engagement with stakeholders is not solely my responsibility and is happening across Government. For instance, the Deputy Minister and Chief Whip is engaging the Third and Voluntary Sector through her Third Sector Partnership Council along with the Welsh Council for Voluntary Action. The business sector are looking at decarbonisation through the Council for Economic Development and the Public Sector are raising it through their meetings working with the Welsh Local Government Association. As part of the engagement we are asking if stakeholders want to be involved and working out the best method of engagement. In terms of the wider

engagement with the public we are working with Centre for Climate Change and Social Transformation and we are also holding an annual climate change conference to bring stakeholders together.

Financial implications: Costs associated with engaging stakeholders will be met from existing budgets.

Recommendation 8. The Welsh Government should commit to publishing a draft version of the next iteration of its decarbonisation plan and should undertake a public consultation on it.

Response: Reject

We understand the Committee wants stakeholders to be involved in developing the next plan, which is due to be published in 2021. However, we have to be mindful about the timing provisions within the Act, which requires each new Government to publish a delivery plan. Consultation will be a matter for the Government at the time to determine, as each new plan will need to be published within the first few months of a new Government.

The First Minister has been clear the next plan needs to be an All Wales plan. We have already started to engage stakeholders and held our first Wales Climate Change Conference last year with over 300 people, asking organisations to pledge to take action with us. In the development of the plan we will be taking forward this work with stakeholders across Government through key stakeholder forums such as the Third Sector Partnership Council, Council for Economic Development. In addition we are also involving young people and will be holding a conference for them next month so they can also get involved.

Financial implications: None.

Recommendation 9. The Welsh Government should make a statement explaining the impact on its projections and policies of the increase in the 2050 emissions reduction target 80% to 95%. It should do so when it brings forward the subordinate legislation required to change the targets.

Response: Accept

As part of the legislation, we will be publishing wider information to support the process explaining our assumptions and the developing and emerging evidence, which we have to date. We will include information relating to increasing the 2050 target when we present the subordinate legislation to the Senedd later this year.

Financial implications: None.

Recommendation 10. The Welsh Government should include an assessment of the costs, benefits and impact on decarbonisation of each policy and proposal included in the next iteration of its decarbonisation plan.

Response: Accept in principle

Departments are already expected to consider the cost and impact of all interventions as part of the policy development process.

However, the aim of the low carbon plan is to set out how we will meet our carbon budget, whilst also providing wider stakeholders with information on how we are taking action. The plan is a collation of cross-government action and should not be a mechanism to collate the impact assessments of each action.

The Environment (Wales) Act does not require us to publish an assessment of the cost and impact of each intervention. This is similar to the position in Scotland and at the UK level. However, we will conduct a wider appraisal of how the plan supports the well-being goals.

Financial implications: None.

Recommendation 11. The Welsh Government should introduce a mechanism, such as a carbon impact assessment, to report to the Assembly any policy decisions that will result in a significant increase in carbon output.

Response: Accept in principle

We understand the Senedd wants transparency around the way decisions are made. Welsh Ministers have already requested officials consider the impact of policy proposals on greenhouse gas emissions as part of the policy development process in order to inform Ministers in their decision-making. Currently, officials' conclusions should be recorded in integrated impact assessments alongside the relevant policy, strategy or legislation. Certain significant policy decisions have been subject to a carbon impact assessment, such as that surrounding the M4.

Welsh Government is currently carrying out a comprehensive review and development of our approach to the assessment of impact, which is focused on better understanding the impact our policies have on communities and their environments. The review will conclude by summer 2020, at which point the findings and recommendations will be considered and a refreshed approach will begin development, testing and implementation phases.

Financial implications: None.

Recommendation 12. The Welsh Government should commit that it will not “offshore” emissions. It should give an undertaking that it will report annually to the Assembly on any “offshoring” of emissions that takes place by the Welsh Government, public bodies or local authorities.

Response: Accept

We do not want to reduce emissions from Wales by shifting emissions overseas, especially in cases where Wales' subsequently imports the goods that generated those emissions back into Wales.

Although we do not have all of the powers to prevent it, we recognise the importance of understanding the changes in production and consumption emissions. This is why in the Environment Act we included provisions to measure Wales' consumption emissions, recognising our focus should be on decarbonising the process, or reducing our consumption of high-carbon products.

The Environment (Wales) Act 2016 sets a clear duty on Welsh Ministers to report on performance against this goal for each budget period. It states Welsh Ministers must estimate the total amount of greenhouse gases, whether in Wales or elsewhere, that may reasonably be attributed to the consumption and use of goods and services in Wales during the 5 year carbon budget period.

In reporting on Welsh consumer emissions, we put in place an effective mechanism to report any future increases in our global consumption allowing us to assess the degree to which this offshoring of emissions may have contributed to our efforts to reduce emissions in Wales.

Financial implications: There are no costs associated with reporting to the Senedd. Offshoring emissions may be the most cost-effective way of reaching Welsh emissions targets but would not lead to a reduction in global emissions, which is the motivation behind Welsh legislation.

Recommendation 13. The Welsh Government should explore whether there is merit in making available the modelling data produced using the Wales 2050 Calculator tool available under open-source arrangements.

Response: Accept

Our evidence is constantly evolving and maturing. Since developing our previous set of regulations our evidence has been updated and as a result we are also updating our 2050 Calculator to ensure it can provide robust evidence to support the development of the next delivery plan. As part of this process we intend to make the calculator publically available. Indeed, we believe the calculator will be most valuable if it builds upon the expertise of our stakeholders and the wider public and we are keen to seek advice to help further develop the modelling approach. In addition, we feel the model can play an important role in communicating the decarbonisation agenda in Wales. Whilst we are convinced there is merit in making the tool fully transparent and publically available, the timescale for developing a public user-interface to facilitate has yet to be determined.

Financial implications: Any costs associated with making the tool publicly available will be met from existing budgets.

Recommendation 14. The Welsh Government should publish its document that contains details of actions it has taken since the declaration of a climate emergency.

Response: Accept

Financial implications: None.