

**Welsh Government response to the Climate Change
Committee's 2020 Progress Report: Reducing Emissions
in Wales**

Context

In December 2020 the Climate Change Committee (CCC) published its first emissions reduction progress report for Wales, required under the Environment (Wales) Act 2016.¹

The CCC considered our performance in emissions reduction since 1990, with a focus on trends in emissions during the first carbon budget period (2016-20). Drawing on the most recent available emissions data at the time (2018), the CCC concluded that “Wales is on track to meet its 2020 target (a 27% reduction on 1990 levels) and the First Carbon Budget (23% average reduction on 1990 levels across 2016-2020) on the current inventory basis, as long as emissions do not increase in 2019 and 2020.”

The Welsh Government is therefore confident we are on track to meet our first carbon budget and 2020 target. This has been confirmed by the most recent emissions data which was published on 15 June 2021. It shows that in 2019 Welsh emissions were 31% lower than the baseline.

Within six months of a CCC progress report we have a legal duty to prepare a response to the points raised by the report and lay it before the Senedd. This report meets that duty.

Looking ahead

Reporting on the first carbon budget and 2020 target

We are required by law to publish a final statement on the first carbon budget and the 2020 target before the end of 2022, once data for the whole period is available. In this statement, we will include our assessment of the extent to which the policies and proposals for meeting the carbon budget have been carried out and have contributed to the carbon budget being met (or not being met).

Second carbon budget plan

The legislation also requires us to publish a plan for meeting each carbon budget before the end of the first year of that carbon budget period. The second carbon budget period began on 1 January 2021 and runs until 31 December 2025. We will publish the plan for the second carbon budget ahead of COP26 in November. The plan will set out in detail our policies and proposals for achieving the second carbon budget, including in the priority areas highlighted in the CCC’s December report.

¹ [Progress Report: Reducing emissions in Wales](#) (CCC, December 2020), p.20

The Welsh Government's response to the CCC's report

In this response, we identify and respond to each of the recommendations and strategic priorities made by the CCC in their report.

1. Legislate ambitious targets for a whole-economy transition to Net Zero by 2050.

In May 2019 the CCC recommended that the Welsh Government should increase Wales's 2050 emissions reduction target from 80% to 95%. We welcomed the CCC's advice but declared an ambition to go even further, and set a net zero target. We asked the CCC for further advice on the options available to Wales for reaching that goal.

In December 2020 the CCC published new advice for Wales, which confirmed our ambition was credible. In March 2021 the Senedd agreed to revise Wales's statutory climate targets in line with all of the CCC's recommendations in the December 2020 advice.

- Carbon Budget 2 (2021-25): 37% average reduction
- Carbon Budget 3 (2026-30): 58% average reduction
- 2030: 63% reduction
- 2040: 89% reduction
- 2050: At least 100% reduction ('net zero')

The Senedd also agreed to set a 0% international credit ('offset') limit for Carbon Budget 2, which means the reduction will need to be achieved entirely by action in Wales.

2. The full range of devolved and reserved policy levers must be used together.

Within the CCC's recommended pathway around 60% of all the abatement in Wales in 2050 is in areas where key policies are mostly reserved to Westminster. While the Welsh Government has a critical role, we also need the UK Government to play its part in reducing emissions in Wales and enable the transition to a cleaner and more prosperous future.

The bi-monthly Inter-ministerial Group on Net Zero, Energy and Climate Change provides the opportunity for Welsh Ministers to make the case for more UK Government action in Wales and to improve co-ordination between governments. We are currently working with the UK Government on the development of their new Net Zero Strategy. This will be a key document in shaping decarbonisation in Wales and the wider UK well into the 2030s.

3. Net Zero and adaptation are the responsibility of all ministers, directorates and public bodies.

The legislation requires us to produce a decarbonisation action plan that contains policies and proposals covering the areas of responsibility of each and every Welsh Minister. We have a comprehensive cross-government governance structure to support our mitigation and adaptation work, including:

- A Ministerial Task and Finish Group
- A Climate Change Portfolio Board, comprising Directors from across the Welsh Government
- Working groups to co-ordinate activity

Our ambition is for the whole of the public sector to be carbon neutral by 2030. We have recently published a reporting guide for public bodies that will support a more comprehensive approach to understanding the true emissions from public sector organisations, moving beyond buildings and energy consumption to incorporate other factors such as transport and procurement.² We have also published a route map for achieving the ambition. It divides the next 9 years into three distinct phases: moving up a gear (2021-22), well on our way (2022-2026) and achieving our goal (2026-2030), and considers the key milestones within the four national delivery priorities:

- Procurement
- Buildings
- Mobility and Transport
- Land Use

Regular engagement on climate change across the public sector is embedded in Wales and the results of this will be showcased in the next emissions reduction plan.

² [Welsh Public Sector Net Zero Carbon Reporting Guide](#) (Welsh Government, 2021)

4. Support a resilient recovery from COVID-19.

Our overarching ambition is to create a fairer, greener, stronger Wales. In response to the pandemic we are determined to leave no-one behind, ensuring a fair transition to a more sustainable future. For the recovery it's important we look to lock-in some of the positive changes we've seen, such as the choice to work from home, the increase in shopping locally, the decrease in traffic, the boost to nature, the reduction in emissions, and the increasing awareness of how important resources are.

The previous Counsel General published *Covid-19 Reconstruction: Challenges and Priorities* in October 2020, following wide engagement with stakeholders and the public about the future vision for Wales emerging from the pandemic.³ The document is clear the green recovery will be at the heart of our approach to reconstruction.

³ [COVID-19 reconstruction: challenges and priorities](#) (Welsh Government, 2020)

5. Deliver a just transition for Future Generations.

We are working to understand the full impact of the net zero transition, both the risks and the opportunities.

A just transition requires a public dialogue on how the costs of the transition are funded and the extent to which householders and businesses are expected to pay. Since publishing *Prosperity for All: A Low Carbon Wales*⁴ in March 2019 we have worked with range of stakeholders on this important issue, including the Wales Centre for Public Policy, the Grantham Institute in Partnership with UK Finance and Place-Based Climate Action Network, and the Institute for Public Policy and Research. We have made progress embedding the just transition within the social partnership approach, working with the Trades Union Congress during Wales Climate Week 2020 and through the new Local Government Decarbonisation Strategy Panel.⁵

We recognise further work will be required and are actively looking to see how we can learn from others at COP26 in November.

⁴ [Prosperity for All: A Low Carbon Wales](#) (Welsh Government, 2019)

⁵ <https://gov.wales/sites/default/files/publications/2020-07/decarbonisation-and-local-government.pdf>

6. A coherent long-term strategy for the future of low-carbon heat and energy efficiency in Wales' homes and other buildings. This will be highly contingent on UK Government decisions such as the future of the gas grid and energy taxation and pricing.

We fully recognise and accept the need for a long-term strategic approach to decarbonising buildings. This will be important in meeting our climate targets as buildings account for around 10% of Welsh emissions.⁶ In doing so, we need to enable a just transition, ensuring the actions we take to decarbonise heat do not undermine our approach to tackle fuel poverty and deliver economic and social benefits.

The energy system

We have taken a partnership approach to developing our response to the complex challenge of decarbonising heat. We are supporting the development of four Regional Energy Strategies, which identify the opportunities for delivering economic and social benefits from a low carbon energy system. This work models future demand for power, heat and transport and contains an economic assessment of the impact of delivering the proposed ambitions. The strategies identify the scale of change needed to reach a low carbon energy system and establish priorities for each region.

Our commitment to local energy planning will deliver much greater detail, in order to identify the specific actions needed for each community. We are currently supporting two Local Energy Planning pilots in Conwy and Newport Local Authority areas, and expect to see more areas starting this work during 2021-22. This work will seek to identify the low regret actions to decarbonise a local energy system. The plans can also be used by grid network providers to inform their plans and influence investment decisions in new grid infrastructure.

Regional Energy Strategies and our approach to energy planning will provide the evidence base in terms of heat and energy efficiency as part of a low carbon energy system. We will build on this evidence to establish the clear strategic direction for decarbonising heat.

Buildings

Since 2017 we have worked in partnership with stakeholders, including sector experts, academics and innovators, to develop an evidence-based, whole-system

⁶ The Greenhouse Gas Inventory does not provide a breakdown of emissions arising purely from heating. It does allow us to identify emissions arising from fuel combustion in buildings, which includes heating and cooking. This accounts for 10.4% of Welsh emissions (9.3% in domestic buildings and 1.2% in non-domestic buildings).

approach to decarbonising existing homes. This approach is known as optimised retrofit. The Optimised Retrofit Programme is delivering fabric improvements, heating technology and intelligent use of energy supplies to achieve our decarbonisation ambitions, while avoiding disproportionate investment in any one part of the system. The 2020/21 trial of the approach includes capacity and capability building, before adopting in other policy areas.

The successful Welsh Housing Quality Standard (WHQS) programme has addressed fuel poverty and enhanced energy efficiency in 225,000 social homes, the majority of which now achieve EPC D. It is likely that the next iteration of WHQS, due in January 2022, will challenge social landlords to meet EPC A using the Optimised Retrofit approach.

In tandem with housing sector representative bodies, a roadmap to building net zero carbon new social homes will be published in July 2021. This will set clear expectations of the housing sector for building homes in ways which contribute to tackling the climate emergency. The steps on the roadmap will be undertaken on a voluntary basis initially, likely being mandated from 2024/2025 onwards.

New-build affordable homes in Wales are required to be as energy efficient as possible. From April 2021, all new schemes put forward for development using Welsh Government housing funding will need to demonstrate they meet EPC A.

Following consultation, in March 2021 we announced a 37% reduction in carbon emissions for new dwellings (compared with current standards), to be implemented from 2022. This is a stepping stone towards the changes due in 2025, when new homes will need to produce at least 75% less CO₂ than currently.

In March 2021 we also published a plan for tackling fuel poverty.⁷ It contains four policy goals within devolved competence that will reduce fuel poverty by 2035. The decarbonisation goal commits us to improving the thermal and energy efficiency of lower income homes in the owner-occupier and private rented sector, thereby reducing energy bills and greenhouse gas emissions. The plan contains ten priority actions for 2021-2023, including continued investment in home energy efficiency improvements via the Warm Homes Programme.⁸

Across all of these elements, we continue to work with, and call on, the UK Government to support our ambitions through their reserved powers.

⁷ [Tackling fuel poverty, 2021-2035](#) (Welsh Government, 2021)

⁸ <https://gov.wales/get-help-energy-efficiency-households>

7. A new rural support scheme that will drive deep emissions reductions in the agriculture sector while supporting forestry.

Our consultation on the Agriculture White Paper closed on 25 March 2021. The White Paper sets out our proposals to replace the Basic Payment Scheme (BPS) and other EU agri-environment schemes with a single direct support scheme for farming. Planned to start in 2024, our proposed Sustainable Farming Scheme will reward farmers appropriately for the production of additional non-market goods (improved soils, clean air, clean water, improved habitat condition, actions to reduce global warming) at levels above those set by regulation through the management of land in a sustainable way. It will also provide advice and support for farmers and farm businesses.

The proposed scheme will assist farms in sustainable food production whilst enabling them to have a very low carbon footprint, increased biodiversity and minimised nutrient losses to air and water. Proposals include enabling decarbonisation of agriculture and actions to increase the size of Wales' carbon sink through a variety of land management practices. These include:

- increased livestock performance by improving animal health and through genetic improvement
- managing and reducing inputs such as artificial fertiliser
- improving soil health and soil carbon content
- increased energy efficiency and use of renewables
- increased tree cover through agroforestry
- restored and well managed natural habitats such as peatland.

8. A final Transport Strategy for Wales that makes it easy to walk, cycle and use public transport and ensuring that the transition to electric vehicles works for all Welsh road users.

In March 2021 we published *Llwybr Newydd: the Wales Transport Strategy*.⁹ It establishes a 20-year vision for an accessible, sustainable and efficient transport system based on three priorities:

- Bring services to people in order to reduce the need to travel
- Allow people and goods to move easily from door to door by accessible, sustainable and efficient transport services and infrastructure
- Encourage people to make the change to more sustainable transport

The Strategy embeds the principle of a sustainable transport hierarchy which will guide decisions about new infrastructure and gives priority to walking and cycling and public transport, followed by ultra-low emissions and finally private vehicles.

We have identified four key areas that cut across transport modes and sectors and are critical to *Llwybr Newydd*: decarbonisation, equality, integrated journey planning and the rural offer. We will develop a delivery pathway for each area. Each pathway will list the specific commitments in *Llwybr Newydd* and map out what needs to be done to make them happen. We will set up a working group to oversee delivery of the pathway. *Llwybr Newydd* also includes nine mini-plans that show how individual transport sectors and modes will deliver our priorities. There are mini-plans for active travel, buses and rail.

Also in March 2021 we published the *Electric Vehicle Charging Strategy for Wales*.¹⁰ This accepts that there is an immediate need for more charging and better charging infrastructure to facilitate consumer confidence in making the switch to electric vehicles. Our vision is that by 2025 all users of electric cars and vans in Wales are confident that they can access electric vehicle charging infrastructure when and where they need it. In the coming months we will be publishing our EV Charging Action Plan, which will set out the supporting actions Welsh Government will take to ensure this vision is turned into reality.

⁹ [Llwybr Newydd: the Wales Transport Strategy](#) (Welsh Government, 2021)

¹⁰ [Electric vehicle charging strategy for Wales](#) (Welsh Government, 2021)

9. Lead a strong cross-government response to the most urgent national risks set out in the third UK Climate Change Risk Assessment.

Our current climate change adaptation plan, Prosperity for All: A Climate Conscious Wales, sets out our policy response for addressing the impacts of climate change.¹¹ The plan includes provisions for ensuring a robust, coordinated, cross-sector approach, both within Welsh Government and working with wider stakeholders. The Monitoring and Evaluation Framework section of the plan sets out our approach for governance, monitoring and reporting, which feeds into the governance arrangements set out above.

We will work across government to review our climate adaptation actions and our processes in the light of the updated evidence within the CCRA3 Technical Report and Wales Summary, due to be published in June 2021.

¹¹ [Prosperity for all: A Climate conscious Wales](#) (Welsh Government, 2019)

10. Accelerate investments in low-carbon and climate adaptation infrastructure where possible, to stimulate Wales' economy, build long-term productive capacity and improve climate resilience.

We have already invested in low-carbon and climate adaptation. In 2020-21 we allocated £140m of capital funding to help combat the climate emergency. In 2021-22, on top of maintaining the majority of this funding in departmental baselines, we allocated nearly £80m in additional capital to deliver interventions that promote decarbonisation and further enhance biodiversity, alongside an additional £17m of revenue funding to support these interventions.

The Budget Improvement Plan¹² published alongside the Draft Budget sets out planned improvements to budget and tax processes to maximise the impacts of our investments, including preparations that are underway to develop the successor to the current ten-year Wales Infrastructure Investment Plan.¹³

The new infrastructure investment strategy will set the framework for Welsh Government investment in infrastructure and will be designed around the four well-being themes of economic, environmental, social and cultural well-being. At its heart will be the Welsh Government's response to the climate emergency, including the commitment to Net Zero and tackling the decline in biodiversity.

¹² [Budget Improvement Plan](#) (Welsh Government, 2020)

¹³ [Wales Infrastructure Investment Plan](#) (Welsh Government, 2012)

11. Engage with people and businesses in Wales – building on the insights the Future Generations Commission and Climate Assembly UK – to develop skills for the Net Zero transition, help people understand what the transition means for their lives, and make it easy to make low-carbon choices.

Working closely with employers, we are reviewing all current skills and work-based learning programmes to explore how they can respond more flexibly to emerging requirements, including the net zero transition. Outcomes from the Optimised Retrofit Programme skills audit will inform this work.

We recognise the importance of engagement on this important topic. We have provided support for initiatives that increase awareness and understanding of the changes required by the net zero transition. Earlier this year we supported Wales's first Citizen's Assembly on Climate in Blaenau Gwent, as part of our drive to support the creation of exemplar low carbon communities in the course of expanding the provision of high quality social housing.¹⁴ Last November we held the first Wales Climate Week, with more than 2000 people participating to make their contribution to an all-Wales action plan in which the commitments of government are matched by commitments from other public bodies, from businesses and from communities.

Our wider and more detailed engagement approach to the next emissions reduction plan was published in July 2020.¹⁵

¹⁴ <https://cynnalcyrmru.com/blaenau-gwent-climate-assembly>

¹⁵ [Engagement approach for Low Carbon Delivery Plan 2](#) (Welsh Government, 2020)