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Welsh Government

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# Net Zero Wales: Carbon Budget 2 (2021–2025) Sustainability Appraisal (SA) Report: Non- Technical Summary (NTS)



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## Report for

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Doc Ref. 806843-WOOD-XX-XX-RP-OS-00005\_S4\_P02.01

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## Document revisions

No.	Details	Date
1	Draft Report	October
2	Final	October

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# Non-Technical Summary (NTS)

## 1.1 Net Zero Wales: Carbon Budget 2 (2021–2025)

1.1.1 The Environment (Wales) Act 2016 places a duty on the Welsh Ministers to reduce greenhouse gas emissions to net zero in 2050<sup>1</sup>. For each five-year period up to 2050, the required emission reductions are set within a carbon budget. For each budgetary period, Ministers must publish a report of policies and proposals setting out how they will meet the carbon budget for that period. *Net Zero Wales: Carbon Budget 2 (2021–2025)* (referred to as NZW or 'the plan' from here on) is the report for the second carbon budget period (CB2). NZW recognises Wales is in the early stages of the journey to net zero and a greener, stronger fairer Wales. It focuses on the policies and proposals for the second carbon budget period (2021–2025) but looks beyond to start building the foundations for carbon budget three (CB3, 2026–30), and to achieving net zero in 2050. NZW brings forward some of the policies identified in the first low carbon delivery plan *Prosperity for All: A Low Carbon Wales* (PFA: LCW)<sup>2</sup>, but introduces a number of new policies and proposals to ensure that Wales meets the required average reduction of 37%<sup>3</sup> in GHG emissions against the baseline for CB2 and remains on track to achieve net zero in 2050.

## 1.2 Sustainability Appraisal of Net Zero Wales: Carbon Budget 2 (2021–2025)

1.2.1 Although not formally required as part of the development of NZW, Welsh Government commissioned Wood Group UK Ltd (Wood) to undertake Sustainability Appraisal (SA) to help better understand the collective well-being impacts of the plan, evidencing how it meets the Well-being of Future Generations Act (Wales) Act (WFG Act) commitments, and to help inform future policy development for subsequent plans. SA is a systematic process that identifies, describes and evaluates the economic, social, environmental and cultural sustainability effects of the policies in NZW.

1.2.2 The SA helps to ensure that NZW meets the seven well-being goals under the WFG Act, which are to achieve:

- A prosperous Wales;
- A resilient Wales;
- A healthier Wales;
- A more equal Wales;

<sup>1</sup> The Environment (Wales) Act 2016 (Amendment of 2050 Emissions Target) Regulations 2021 which changed the statutory target within the Environment Act from at least 80% to at least 100% came into force on 19 March 2021.

<sup>2</sup> Available via: [Low-carbon-wales](#) [Accessed 1 March 2021]

<sup>3</sup> The Climate Change (Carbon Budgets) (Wales) (Amendment) Regulations 2021 which amend the 2021–2025 carbon budget from an average reduction of 33% to 37% lower than the baseline came into force on 19 March 2021. Additionally, the regulations set the carbon budget for the 2026–2030 period at an average of 58% lower than the baseline.

- A Wales of cohesive communities;
- A Wales of vibrant culture and thriving Welsh language; and
- A globally responsible Wales.

- 1.2.3 The seven well-being goals are at the heart of the Welsh Government's long-term commitment to ensuring that all decisions taken contribute to the achievement of sustainable development. The SA identifies measures to avoid, minimise or mitigate any potential negative effects that may arise from NZW's implementation and identify opportunities to strengthen its positive contribution towards the economic, social, environmental and cultural well-being of Wales in line with the well-being goals.
- 1.2.4 A set of objectives and guide questions developed to reflect the well-being goals and objectives; key messages contained within other plans and programmes; and the economic, social, environmental and cultural issues, which may affect (or be affected by) NZW were identified as part of the preparation of a SA Scoping Report in Spring 2021. The SA Objectives were finalised following issue of a draft for consideration by the Future Generations Commissioner for Wales.
- 1.2.5 The full SA Framework is set out at **Table 4.1** of the SA Report. The SA Objectives and mapped well-being goal are set out in **Table NTS.1** below.

Table NTS.1 SA Objectives

SA Objective	Mapped to Well-being Goal
<b>1. To achieve a strong and sustainable net zero economy</b>	A prosperous Wales; A Wales of cohesive communities; A globally responsible Wales
<b>2. To provide sustainable employment opportunities that help tackle inequality and deliver a just transition</b>	A prosperous Wales; A more equal Wales
<b>3. To address climate change</b>	A prosperous Wales; A resilient Wales; A globally responsible Wales
<b>4. To improve the physical and mental health and well-being of everyone</b>	A healthier Wales; A more equal Wales; A Wales of cohesive communities
<b>5. To improve social cohesion and equality</b>	A healthier Wales; A more equal Wales; A Wales of cohesive communities; A Wales of vibrant culture and thriving Welsh language
<b>6. To improve natural and built environments</b>	A resilient Wales; A healthier Wales; A Wales of cohesive communities; A globally responsible Wales
<b>7. To encourage learning for life and help to equip everyone with the skills required for a changing world</b>	A prosperous Wales; A more equal Wales

SA Objective	Mapped to Well-being Goal
<b>8. To help build resilient communities, culture and language</b>	A Wales of cohesive communities; A Wales of vibrant culture and thriving Welsh language
<b>9. To help delivery of modern, connected, and resilient infrastructure</b>	A Prosperous Wales; A Wales of cohesive communities
<b>10. To ensure Wales is a globally responsible nation</b>	A Prosperous Wales; A globally responsible Wales

### 1.3 How was the SA undertaken?

1.3.1 Each section of the NZW was appraised using the full SA Framework set out in **Table 4.1** of the SA Report. The policies and proposals have been appraised using an appraisal matrix which includes:

- The SA Objectives;
- A score indicating the nature of effect;
- Commentary on likely significant effects (including cumulative, synergistic, indirect effects and temporary or permanent, and whether they are short, medium or long term); and
- Recommendations, including mitigation or enhancement measures.

1.3.2 The NZW policies and proposals have been appraised using the SA Framework and the qualitative scoring system in **Table NTS.2**.

Table NTS.2 SA scoring system

Score	Description	Symbol
Significant Positive Effect	The proposed option/policy contributes significantly to the achievement of the objective and/or enables resolution of existing issues.	++
Minor Positive Effect	The proposed option/policy contributes to the achievement of the objective but not significantly.	+
Neutral	The proposed option/policy does not have any effect on the achievement of the objective	0
Minor Negative Effect	The proposed option/policy detracts from the achievement of the objective but not significantly.	-
Significant Negative Effect	The proposed option/policy detracts significantly from the achievement of the objective.	--

Score	Description	Symbol
No Relationship	There is no clear relationship between the proposed option/policy and the achievement of the objective or the relationship is negligible.	~
Uncertain	The proposed option/policy has an uncertain relationship to the objective or the relationship is dependent on the way in which the aspect is managed. In addition, insufficient information may be available to enable an appraisal to be made.	?

## 1.4 The findings of the appraisal of NZW

- 1.4.1 **Overall, the assessment found largely positive effects in relation to the ten SA objectives and therefore it is considered that NZW supports achievement of the seven well-being goals.** Significant positive effects have been identified for economy and employment, for addressing climate change, improving the environment, improving social cohesion and health, and in delivering resilient infrastructure with positive effects for lifelong learning, Welsh language and culture, and in supporting Wales’s global role in the world.
- 1.4.2 However, **some possible minor negative effects were also found** for employment, social cohesion and environment reflecting potential impacts on jobs, the potential impacts on the poorest in terms of housing, power and transportation costs, and the potential for rural areas to be left behind in the decarbonisation of transportation. Minor negative effects also relate to the impacts of new infrastructure on the natural and built environment.
- 1.4.3 **Overall, NZW is expected to positively contribute to Wales’s economic, social, environmental, and cultural well-being.**
- 1.4.4 The full findings of the SA are summarised in **Section 5** and detailed in **Appendix B** of the SA Report.
- 1.4.5 **Table NTS.3** shows the cumulative score assessed for each section of NZW against each SA objective (based on the appraisal of each policy in that section against each SA objective). The bottom row provides a score for the cumulative effects of the plan as a whole against each SA objective. The cumulative scoring is derived from a judgement of the overall performance of NZW against the SA objectives (as informed by each section’s cumulative score).



Table NTS.3 Summary of SA findings

Principal wellbeing goal	A prosperous Wales	A prosperous Wales	A resilient Wales	A healthier Wales	A Wales of cohesive communities	A resilient Wales	A more equal Wales	A Wales of vibrant culture and thriving Welsh language	A Wales of cohesive communities	A globally responsible Wales	
SA Objective	1. To achieve a strong and sustainable net zero economy	2. To provide sustainable employment opportunities that help tackle inequality and deliver a just transition	3. To address climate change	4. To improve the physical and mental health and well-being of everyone	5. To improve social cohesion and equality	6. To improve natural and built environments	7. To encourage learning for life and help to equip everyone with the skills required for a changing world	8. To help build resilient communities, culture and language	9. To help delivery of modern, connected, and resilient infrastructure	10. To ensure Wales is a globally responsible nation	Commentary
Setting the conditions (cross-cutting)	++/-	++/-	++	++	++	++	++/?	+	++	++	Significant positive effects were assessed for most objectives. However, there is potential for negative effects if policies on building climate resilience and addressing the nature emergency limit economic growth and employment in the short term.



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SA Objective	1. To achieve a strong and sustainable net zero economy	2. To provide sustainable employment opportunities that help tackle inequality and deliver a just transition	3. To address climate change	4. To improve the physical and mental health and well-being of everyone	5. To improve social cohesion and equality	6. To improve natural and built environments	7. To encourage learning for life and help to equip everyone with the skills required for a changing world	8. To help build resilient communities, culture and language	9. To help delivery of modern, connected, and resilient infrastructure	10. To ensure Wales is a globally responsible nation	Commentary
Electricity and heat generation	++	++/-	++	+	+/-	+/-	+	+	+	+	Positive effects were assessed for most objectives. Some negative effects are assessed for employment and social cohesion as part of the transition away from fossil fuels. However, development of renewables and carbon capture alongside skills development would deliver positive outcomes.

Principal wellbeing goal	A prosperous Wales	A prosperous Wales	A resilient Wales	A healthier Wales	A Wales of cohesive communities	A resilient Wales	A more equal Wales	A Wales of vibrant culture and thriving Welsh language	A Wales of cohesive communities	A globally responsible Wales	
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Transport	+/-	+/-	++/?	++	+/-	+/-/?	0/?	+/?	++/-/?	0/?	There are positive impacts from active travel and promotion of electric vehicles but potential for negative impacts on rural transport, transportation costs and impacts on employment and businesses during the transition away from internal combustion engines to electric vehicles.
Residential buildings	++/?	+	++/?	++/+	++/-/?	++	+	+	++/?	+	Largely positive effects are

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											assessed. Some minor negative effects were assessed for cohesion due to the potential for financial burdens on some households.
Industry and business	++	++/-	++/?	+	+	+	+	+	+	++	Largely positive effects are assessed. However, some negative effects were assessed as some higher costs may affect employment opportunities,

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											particularly in the short term.
Agriculture	++	+	+/-	+	+	++	++	+	~	0	Largely positive effects are assessed. However, continued red meat and dairy production are likely to have some negative effects on addressing climate change.
Land use, land use change and forestry (LULUCF)	++	+	++	++/?	++/?	++	+/?	++	~	+/-	Largely positive effects are assessed. Some minor effects associated with

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											timber production are identified.
Waste management	+	+/?	++	++	+	++	~	+	+	+	Positive effects are assessed for most objectives.
Public sector	++	++	++	+	++	+	++	+	++	+	Positive effects are assessed for all objectives.
CUMULATIVE	++	++/-	++	++	++/-	++/-	+	+	++	+	For the plan as a whole positive effects are assessed against the range of objectives. Some minor negative effects are assessed for employment, cohesion and the environment.

## 1.5 Monitoring

1.5.1 NZW sets out the approach to monitoring of the implementation and effectiveness of the plan. This is supported by the ongoing measuring of national progress against 46 national well-being indicators as required under the WFG Act. It is considered that the proposed specific monitoring of NZW, alongside ongoing monitoring against the national indicators, provides a robust basis to assess the effects of NZW. The SA has primarily identified cumulative positive effects across the range of SA Objectives. No significant negative effects were assessed in the SA and further, specific monitoring regarding the predicted effects is not required.

## 1.6 Next steps

1.6.1 This SA Report and NTS will be published alongside NZW in October 2021. The Welsh Government will continue to review the actions set out in NZW, update and refine the evidence, and investigate options for development of new policies and proposals to accompany the third carbon budget.

1.6.2 In so doing, the Welsh Government should consider the outcomes of this SA, specifically:

- The appraisal in **Section 5.2** and **Section 5.3**, including the detailed appraisal and mitigation/enhancements identified in **Appendix B**;
- The compatibility assessment (**Section 5.3**); and
- The three broad recommendations in **Section 5.5**.

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ISBN 978-1-80391-185-4

