



Rt. Hon Simon Clarke MP
Chief Secretary to the Treasury
1 Horse Guards Road
London
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7 October 2021

Dear Simon,

I am pleased we had the opportunity recently to meet and establish a shared understanding of the priorities for Wales.

We spoke about our mutual interests in the climate and nature emergencies and I thought it would be useful ahead of the next Quadrilateral to set out some of the ambitious work we are undertaking in Wales.

Welsh Government progress

In 2019, the Welsh Parliament declared a climate emergency, and in June this year, a nature emergency. Since then we have taken steps through our budget to support decarbonisation and to tackle the decline in biodiversity. We have sought and continue to seek multiple benefits for the environment from all of our funding interventions.

We have doubled our spending on social housing for rent, committing an initial £250m in 2021-22 for 20,000 new low carbon homes. These ambitious plans will address a rising demand for housing and the climate crisis, providing good quality and affordable green homes to those who need them. All homes will be built to new quality and environmental standards with the intention for some of the stock to go beyond net zero and produce more energy than they use. After the Spending Review and autumn Budget, I would like to welcome you to Wales so you can see what we are doing first hand.

In relation to energy, Wales aims to be the first country to have a joint approach to developing its gas and electricity networks. To do this, the Welsh Government is leading the development of a strategic plan for the future energy grid to 2050. This work will gather and assess evidence, consider scenarios, and advise on short-term 'low regret' actions that can be taken immediately.

Ahead of COP26, we intend to publish our next Decarbonisation Action Plan which will set out how Wales will play its full part in global efforts to tackle the climate emergency and leave no-one behind as we transition to a cleaner, fairer and stronger Wales, looking ahead to our

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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.

2030 target of 63% and net zero target for 2050. Alongside the Welsh Government's draft Budget in December, I will also be publishing a new Wales Infrastructure Investment Strategy where I will be setting out our ambitious plans for capital investment to support a net zero carbon economy and tackle the climate and nature emergencies.

Opportunities

The forthcoming UK Spending Review and UK Budget, just prior to COP26, is a real opportunity for the UK Government to deploy the levers it has including support for research and development, substantive investment in the energy system and ensuring the transition to low carbon is funded in a progressive way. Ahead of this, it is also important that the UK Government understands that much of our progress in Wales has relied heavily on use of EU Structural Funding. Without replacement funding, we will be impeded in meeting our statutory targets for decarbonisation and playing our part in reaching net zero.

Transforming our industrial legacy

Last week I led a debate in the Senedd on coal tips. I am in no doubt we are seeing the impacts of disruptive climate change in Wales on legacy mining infrastructure – as evidenced by the landslide at Tylorstown in February 2020 and the mineshaft blow-out in Skewen in January this year. The Climate Change Risk Assessment Wales Evidence Report makes clear we are likely to see coal tip sites and their pre-devolution drainage infrastructure struggle to cope with more intense and prolonged rainfall events posing a great risk of further landslides.

The threat to life and livelihood is serious. We also know, as the Green Book and our Wellbeing of Future Generation Act make clear, it costs considerably more to deal with the impacts once disaster has struck. The Hatton coal tip slip cost £65 million to repair and closed a railway line for 6 months. The Tylorstown coal tip slip will cost £18 million. In addition, the impact on carbon emissions is noteworthy. For example, if the 60,000 tonnes of debris from Tylorstown had to be taken-offsite, it would have required 3,000 truck movements resulting in a significant carbon footprint. Coal spoil tips were created before devolution, and the costs associated with remediation of this unforeseen issue has not been assumed in our fiscal agreements. Those communities whose efforts created huge wealth and economic benefit to the UK in centuries past have a right to look to the UK for long-term funding to deal with these sites. There has been support from all parties in the Senedd for a joint approach and a shared recognition this issue is a legacy from the pre-devolution era.

By working together on this significant challenge, we demonstrate the strength of partnership. Including a funding programme for long-term remediation, reclamation and repurposing of coal tip sites in Wales within the upcoming Spending Review would show how, together, we can address ahead of COP26, two of the four areas the Prime Minister highlighted in his recent UN speech: coal and trees. To assist in addressing the climate and nature emergency, some of our coal tips can be sites for tree planting, contributing to ecological networks and improving ecosystem resilience. There are also economic and social opportunities to gain from investing in coal tips, which are predominantly located in some of the most deprived areas of Wales. Reclaiming and repurposing coal tips can provide new job and skill opportunities.

Decarbonising rail

Amongst other opportunities to reduce our carbon emissions is rail investment. The impact of Wales having zero comparability with both Network Rail and HS2 infrastructure programmes has significant financial implications. Over £150m is being lost to Wales because the HS2 project is pulling investment away from South Wales where most of our rail lines are. This is

not offset by the gains which North Wales will see. I raise this issue because it limits our ability to deliver the carbon reduction we want to see.

We need to urgently see electrification of the South Wales line to Swansea. I am concerned that the decision to cancel electrification focussed too narrowly on journey times and did not fully consider the carbon impacts. I hope you will agree we should revisit this issue in the context of COP26. The North Wales Main Line and the Marches line should also be added as part of the electrification programme. To provide context only 2% of the Wales route is currently electrified compared to 25% in Scotland and 41% in England.

Welsh Government and Transport for Wales are doing our part by electrifying over 100 miles of track on the Core Valley Lines, which will increase the percentage to close to 12%, but even with this in place by 2023 it does not level up Wales with the rest of the UK.

I look forward to discussing these opportunities with you when we next meet and look forward to welcoming you to Wales when the opportunity allows.

Yours sincerely,

A handwritten signature in black ink that reads "Rebecca Evans." The signature is written in a cursive, flowing style.

Rebecca Evans AS/MS

Y Gweinidog Cyllid a Llywodraeth Leol
Minister for Finance and Local Government