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Llywodraeth Cymru
Welsh Government

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Chair
Climate Change, Environment and Infrastructure Committee

30 July 2021

Dear Llyr,

Thank you for your letter of 2 July 2021 regarding Welsh Government's priorities in relation to climate change, environment and infrastructure.

Below I have set out a series of the priority focus areas across my portfolio for the next 12 – 18 months. I have included some background to each which I hope will give you sufficient information for now. Obviously, I am happy to answer any further questions when your Committee sits.

You asked specifically about my ambitions and plans for COP26. The challenge of climate change requires everyone to work together across geographic and sectoral boundaries, and collaboration is essential if we are going to be successful. My aim is that COP26 will not only help to deliver on our international commitments, but also provide opportunities to promote the outstanding examples of the collective climate action being taken in Wales.

As such we are in liaison with the UK Government to maximise opportunities for Wales at the conference and we plan to publish our climate change action plan around the same time as COP26 to show the world we are a globally responsible nation. Alongside this, the annual Wales climate conference will this year be 'COP Cymru'.

Climate Change

Wales has set stretching targets for reducing emissions of greenhouse gases and these were most recently updated in March 2021 when the Senedd agreed to set a target of net-zero emissions by 2050. These targets are underpinned by advice from the Climate Change Committee (CCC), our statutory advisors.

Climate Adaptation describes the actions required to adapt to the effects of climate change, such as increased rainfall in winter and warmer, drier summers. The Climate Change Act requires Welsh Ministers to report on the Welsh Government's objectives, actions and

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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.

future priorities regarding the impacts of climate change and also provides Welsh Ministers with powers with regards to public bodies and their response to climate risk.

The Welsh Government has supported a wide range of innovative projects designed to make progress with respect to decarbonisation and energy efficiency, but is dependent on funding for innovation from UKG / BEIS and Europe.

Energy

The UK energy system is facing a period of significant change and upheaval as we transfer to renewable sources of power in support of the wider net zero agenda. Energy generation in Wales will need to evolve in line with these wider changes. The Welsh Government set out a comprehensive statement of its approach to energy policy in Energy Wales: A Low Carbon Transition and we have subsequently published more detailed policies.

The devolved planning system is one of our greatest levers in driving changes across Wales over the longer period. Planning Policy Wales, our main policy statement, places fossil fuel extraction at the bottom of its fuel hierarchy, which in turn supports the aspirations to a net-zero energy system.

The Welsh Government is heavily involved in a range of initiatives designed to promote public ownership and reduce emissions from the power sector, which remains the largest emissions sector in Wales as a result of developments which mean Wales is hosting 16% of the UK's gas fired electricity generation.

To deliver on our net zero ambitions Wales will need to develop a more comprehensive policy on decarbonising heat, which is a substantial cross cutting challenge linked to fuel poverty, housing, commercial, industrial and waste policy areas.

Although the UK Government holds the principal financial and regulatory levers the Welsh Government has set targets for renewable energy:

- for renewables to generate an amount equivalent to 70% of Wales' electricity use by 2030;
- for 1 gigawatt of renewable energy capacity to be locally owned by 2030, and
- for all new energy developments to have at least an element of local ownership from 2020.

In 2019, the equivalent of 51% of Wales' electricity use came from renewables. The rate of increase has slowed due to UK Government incentives ending. We have reached 83% of the locally owned target. The Welsh Government has made clear its commitment to reduce the use of fossil fuels. Wales has published policies hostile to petroleum extraction and to coal extraction and use in power generation.

We have worked with the four regions of Wales to develop energy strategies highlighting the scale of change needed to reach net zero, and the economic opportunities this presents. This puts Wales in a strong position to develop the more detailed and integrated plans needed to design a low carbon energy system. The community engagement we are beginning to see as a result of this work will be essential in securing the public consent to deliver the scale of change needed across heat, buildings, transport and power.

Hydrogen is a nascent but very promising technical solution to some of our decarbonisation challenges. Our consultation on a Welsh pathway for hydrogen closed in April.

Marine Energy Programme

Infrastructure investment provides an important and much needed stimulus, creating the conditions for increased and sustainable growth in the medium and longer term.

Since 2019 work has been underway to stimulate renewable tidal power generation in the seas around Wales and help support other forms of marine energy generation. This has the aim of creating jobs and investment in new industries in Wales.

Net Zero

Wales has recently committed to net-zero by 2050, and this is set in legislation alongside a series of carbon budgets every five years and decadal targets. Carbon Budget 1 was 2016-2019 and required an average reduction of 27%. Carbon Budget 2 is 2021-2025 is for an average 37% reduction. We have committed to publishing our new Low Carbon Plan to coincide with COP26 in Glasgow.

The 2030 decadal target is for 63% reduction against the baseline. This is underpinned by CCC advice and reflects the need for the 2020s to be 'the decade of action' if we are to meet net zero by 2050.

The Welsh Government's Climate Change Board is developing a holistic view of the decarbonisation that needs to take place across Wales. We are developing the policies and projects that will drive decarbonisation in transport, contributing to the overall Low Carbon Delivery Plan.

We need to make sure that the approach to tackling climate change is Wales-wide and that we engage every person, community, business and public servant. The Welsh Government must use every opportunity within its strategy for recovery from the pandemic to embed and drive positive changes with regards to emissions.

The new UK Emissions Trading Scheme, introduced in January 2021, covers all major power, industry and aviation emitters (some 46% of total Welsh emissions), where carbon 'allowances' are bought and sold at auction and in a carbon market. It is managed by a joint four-nation Authority. It is not yet linked to the EU scheme, although the devolved nations and elements of UK Government have been advocating this approach for some time, alongside the majority of scheme participants.

The Welsh Government's ambition is a net-zero public sector by 2030. We continue to drive progress in this area and have developed a monitoring framework to track progress. The Welsh Government Energy Service offers technical advice alongside loans to public sector and community organisations for renewable and retrofit projects. A wide variety of public organisations have benefitted from our decarbonisation innovation programme which seeks to identify and nurture new and ground-breaking ideas and concepts to support work on decarbonisation, especially those which take a systems view of the challenge.

Tree planting

The Climate Change Committee has made recommendations for how Wales meets its climate targets. A central part of the balanced pathway to 2050 would see a significant increase in tree planting rates of around 43,000 hectares of new woodland by 2030, and 180,000 hectares by 2050. That is equivalent to planting at least 5,000 hectares per year. Last year, just 290 hectares of woodland was planted in Wales and annual woodland creation has not exceeded 2,000 hectares since 1975. Further development of a National

Forest, including through community woodlands, is a key part of this. There is also scope to enhance the wider sector, and provide more timber for other uses e.g. construction in Wales.

Delivering this will involve many partners as the vast majority of new woodland will not be planted by the Welsh Government, but by the communities, farmers and other landowners across Wales.

Better engagement is needed with communities and landowners who want to plant trees and we need to learn from community and land owner expertise. Current guidance has been found to be complicated and appears restrictive. We will also begin work to identify areas for 30 new woodlands and 100 Tiny Forests as part of the National Forest programme.

To address these issues the Deputy Minister undertook a deep dive into tree planting, which will form a starting point for the development of a timber industrial strategy for Wales. It will include looking at the role of NRW, who have committed to selling up to 30% of their timber through alternatives to the current model focussed on sale for highest financial value. On the demand side, an important first step to stimulating greater demand is enabling lifecycle analysis of the carbon in a building, including 'embodied carbon' in construction materials.

Further detail will be set out in a new Woodland for Wales Action Plan later this year.

Nature and biodiversity

SoNaRR2020 concludes that the loss of biodiversity is accelerating globally at unprecedented rates and Wales needs to build resilient ecological networks and reduce its impact outside of Wales to tackle this. Connectivity of protected sites is central to this and our Nature Networks scheme is focussed on improving the condition and resilience of the protected sites network including by supporting the active involvement of communities in caring for them.

Our Nature Recovery Action Plan (NRAP) sets out the objectives and key actions needed in Wales to achieve our ambitions for nature recovery both as part of meeting our own Resilient Wales goals and our global commitments to halting the loss of biodiversity. It sets out Welsh Government's priorities for tackling biodiversity loss – but we need to do more, and step up our investment in resilient ecological networks and transformative change to reverse the loss of biodiversity. It reflects the need for action to tackle the nature and climate emergencies, build resilient ecological networks across our whole land and seascape to safeguard species and habitats and the benefits they provide, addressing the root causes of biodiversity loss, and targeting interventions to help species recover where necessary. The NRAP will be revised to take account of the new framework. We are developing indicators which will allow us to ensure we are making progress towards internationally agreed objectives and targets. We are also required to update our Natural Resources Policy to fulfil our duties under the Environment (Wales) Act 2016.

Our vision for our seas is that they are clean, healthy, safe, productive, and biologically diverse. Wales has important marine habitats, such as seagrass forests and saltmarshes. Our approach is structured around assessment, protection and management, and restoration. Effective marine planning for, and regulation of, new development is crucial to enabling sustainable marine sector growth, particularly for the development of marine energy projects to contribute to net zero.

Circular Economy

50% of our carbon is embedded in the products and services we use. Implementing a truly circular economy in which materials are kept in circulation for as long as possible and needs are increasingly met by more sustainable alternatives, is critical to decarbonisation. Increasing recycling and further reducing waste remain key and we have an opportunity to develop our infrastructure further to extract greater economic value from the materials collected.

Environment

Poor air quality contributes to poor health, with a pronounced impact on the most vulnerable. Maximising delivery of air quality objectives through behaviour change, for example active travel, is key. The development of a Clean Air Act for Wales will be informed by the responses to the White Paper consultation held earlier this year.

The government has committed to bringing forward legislation to ban more single use plastics however the implications the Internal Market Act 2020 might have on these proposals is not yet clear.

Maintaining and enhancing our dynamic water ecosystem is central to tackling the wider strategic challenges we face. We need to ensure our drainage and sewerage systems are sustainable, managed effectively and that they are fit for purpose in terms of meeting changing demands. To address these challenges we need to work in collaboration with a wide range of stakeholders.

Reducing the risk of flooding to people, properties and infrastructure in our communities is a significant priority. Across Wales, 245,000 properties are at risk of flooding, with a further 400 at risk from coastal erosion. The risks will only be exacerbated by the changing climate. Our National Strategy for Flood and Coastal Erosion sets out how we will manage the risks over the next 10 years. It focuses not only on reducing present risk, but also preventing issues for future generations through more informed planning decisions, the better management of water and natural flood management. The storms of February 2020 highlighted the risks we face from our industrial heritage.

The interim environmental governance arrangements following the end of the EU transition period have been in place since 1st January 2021. We will continue to work with stakeholders to develop permanent arrangements which will require the development of legislation.

Transport

Welsh Ministers are directly accountable for the Strategic Road Networks (SRN) of motorways and trunk roads in Wales, holding statutory duties and powers for its safe operation, maintenance and improvement as highway authority. Local authorities are responsible for the local roads.

We recently published Llwybr Newydd – The Wales Transport Strategy (WTS) 2021 that sets out the long-term vision for an accessible, sustainable and efficient transport system. It also has responsibility for transport decarbonisation including electric vehicles, air quality and road user charging; place making including road safety, road space reallocation and active travel and Blue Badge scheme.

Currently the three Metro programmes are funded and delivered through a combination of sources. Significant construction work is underway on the South Wales Metro to improve services and better integrate public transport and active travel.

The Welsh Government is responsible for implementing the strategy and policy relating to Bus and Community Transport as set out in the Wales Transport Strategy.

The Welsh Government has a substantive role in ensuring that the transport network supports a sustainable system of distributing goods in Wales. The Wales Transport Strategy commits towards a freight and logistics delivery plan to support this role.

Policy and regulation of the majority of Welsh ports is devolved, but a significant amount of wider maritime policy, including shipping, remains reserved. The Wales Transport Strategy commits to develop a new ports and maritime strategy for Wales which reflects the challenges and opportunities of post-Brexit changes in sea freight movements.

Digital Infrastructure

94% of premises across Wales can access a superfast broadband service and 19% of homes in Wales have access to full-fibre connections. The UK Government target is for 85% of premises in the UK to have access to gigabit capable broadband by 2025. 90% of Wales has access to good 4G geographic coverage from at least one of the mobile operators and 60% has coverage from all four operators. The Shared Rural Network project aims to increase this to 95% good 4G coverage from at least one operator and 80 per cent by all four operators in Wales by 2026.

Since 2006 the Welsh Government has overseen a pan-public sector contract to deliver public sector connectivity to 120 organisations covering around 5,000 locations such as schools, colleges, universities, fire services, police, hospitals, GP surgeries, local authority buildings.

The Welsh Government is the lead consortium partner in a '5G Tech Valleys' mobile technology innovation project focussed on rural connectivity. The project is delivering 5G infrastructure and innovation in parts of Blaenau Gwent and Monmouthshire running until March 2022. The programme is considered to be a 'pathfinder' to inform potential future mobile network deployment models and a potential opportunity to scale such services.

Digital and Data

The Welsh Government published a Digital Strategy for Wales in March 2021. It sets out our ambition for people in Wales to experience modern, efficient and streamlined public services and at the same time stimulate innovation in our economy and support outcomes today and for future generations. A separate Delivery Plan was developed to support the Strategy. The Strategy's vision is: Digital in Wales: improving the lives of everyone through collaboration, innovation and better public services.

The Centre for Digital Public Services was established as an arms-length body in June 2020 to improve capability in digital public services and support the public sector in taking forward projects. The Centre is delivering a programme of digital awareness training to over senior leaders and elected members across the public sector. It is also developing common service standards and sharing best practice to drive cross-sector collaborative working which meets with the needs and expectations of users.

Housing

The £70m Optimised Retrofit Programme (ORP) works in collaboration with Social Landlords, with the intent of matching grid decarbonisation, new heating technologies and known fabric improvements to ensure landlords can set their homes on a pathway to net zero carbon in the coming decade. This positions social housing as an exemplar from which other tenures can learn. There remain challenges for private renters and owner occupiers, but housing policy direction is clear. We will learn and use the levers available in the Welsh Government provision of social housing to gain proof of concept, win hearts and minds, and understand the tenants' lived experience of low carbon homes. The knowledge, skills and capacity gained will then be deployed in the private rented and owner occupier sectors.

ORP is also developing the skills and capacity in our local supply chains and SMEs, not just as sub-contractors to large national companies but as principal contractors and ensuring as much of the investment as possible stays in Wales. The first year of ORP (2020-21) involves five successful applications, four from local authorities and one from a consortia of 27 social landlords. The project is being evaluated live as it is runs.

In parallel to the ORP, Welsh Government is working with the Social Landlords to evaluate the long-standing WHQS programme and to develop a revised standard. The new version will move us forward in tackling fuel poverty and climate change, setting the standards for the retrofit of social homes.

This government is determined to step up to meet the climate change challenge in housing delivery. We will shortly be implementing a new housing quality standard setting quality requirements for social housing centred on flexibility, space and sustainability. The standard will feature bold new requirements for low carbon design.

The social landlord sector will be leading the way in terms of requiring new build homes funded with public money to be high quality, beautiful and low carbon. The standards are designed to maximise community, economic and wellbeing outcomes, and support equalities and social justice. The aim is that these standards will be applicable to all new build homes in Wales in future.

Town Centre Regeneration

The Transforming Towns agenda was announced in January 2020 with a package of support for town centres now worth £136 million. This builds on existing projected investment of £800 million in over 50 towns since 2014 to rebuild and refurbish buildings and public spaces and tackle empty properties. The priority is securing the long term sustainability of our town and city centres by driving footfall and making them attractive places to be. Our Transforming Towns programme is focussed on improving biodiversity and green infrastructure; repurposing neglected properties; increasing flexible working and living space; and providing access to services and leisure.

Two very large scale loan investments have recently been made in the Ness Tar site in Caerphilly town centre and the Hoover site in Merthyr Tydfil. These were prioritised because of their proximity to town centres and the ability to create high quality low carbon housing, green space, and access to public transport routes. Transforming Towns represented a recognition of the need for regeneration in light of the challenges facing town centres. These challenges have of course been exacerbated by Covid-19, but Covid has merely accelerated trends that were already well established.

Yours sincerely



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