



Llywodraeth Cymru
Welsh Government

IMPACT ASSESSMENT

The Climate Change (Wales) Regulations 2021: integrated impact assessment

Consideration of the impact on well-being of more ambitious climate targets.

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The Climate Change (Wales) Regulations 2021

Title of proposal

The Climate Change (Wales)
Regulations 2021:

- The Environment (Wales) Act 2016 (Amendment of 2050 Emissions Target) Regulations 2021
- The Climate Change (Interim Emissions Targets) (Wales) (Amendment) Regulations 2021
- The Climate Change (Carbon Budgets) (Wales) (Amendment) Regulations 2021
- The Climate Change (Net Welsh Emissions Account Credit Limit) (Wales) Regulations 2021

Official(s) completing the Integrated Impact assessment

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Resources

Head of Division/SRO (name)

Chris Wheeler

Minister responsible

Lesley Griffiths MS Minister for
Environment,
Energy and Rural Affairs

Start date

12 May 2020

Note: In accordance with Welsh Government guidance, sections 1, 7 and 8 have been published alongside the regulations. Other sections are available on request.

Section 1. What action is the Welsh Government considering and why?

In narrative form, please describe the issue and the action proposed by the Welsh Government.

Climate science continues to demonstrate that human activity is warming the planet and that the resulting effect on weather patterns is having increasingly negative consequences for ecosystems, economies and people. The Welsh Government is proposing to increase Wales's climate targets in response to the latest climate science and the recommendations of the Climate Change Committee (CCC):

- Carbon Budget 2 (2021-2025): an average of 37% below the baseline with a credit ('offset') limit of 0%
- Carbon Budget 3 (2026-2030): an average of 58% below the baseline
- a 2030 target for an emissions reduction of 63% against the baseline
- a 2040 target for an emissions reduction of 89% against the baseline
- a 2050 target for an emissions reduction of at least 100% against the baseline ('net zero')

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The Regulatory Impact Assessment (RIA) estimates the costs and benefits of the CCC's recommended Balanced Pathway to net zero in 2050. However, the actual impact of meeting our targets on our well-being goals and objectives depends on the measures and policies chosen. These policies will be set out in a report for each carbon budget period, the next being published in November 2021. Policies to deliver our carbon budgets are subject to an engagement process and their own impact assessments.

How have you applied / will you apply the five ways of working in the Well-being of Future Generations (Wales) Act 2015 to the proposed action, throughout the policy and delivery cycle?

Long term

By setting a long-term framework for meeting the net zero 2050 target, the Regulations provide milestones and a direction of travel for Wales's decarbonisation pathway, whilst the carbon budgets help to focus near-term action to enable us to reach our long term goal. They provide clarity on the Welsh Ministers' vision for, and commitment to, a net zero future. As such, they provide a context for today's decision-makers to safeguard the needs of future generations.

However the targets and budgets are achieved, reducing Welsh emissions will help to lessen the impacts on Wales and the world arising from increased temperatures. These impacts include flooding, risks to health, water shortages and risks to biodiversity.

Prevention

By addressing greenhouse gas emissions, the Regulations set the framework for tackling the root cause of issues and risks associated with climate change. They create a need for measures and policies that will reduce emissions and therefore help to reduce the global impacts of climate change. Achieving Welsh and global

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emissions reduction targets will limit the effects of climate change, reducing the need for adaptation action and avoiding the impacts on our environment, society, and economy.

Integration

Action on climate change not only helps to reduce impacts globally but also supports the global sustainable development goals. The Regulations deliver the Prosperity for All commitment to “set out a low-carbon pathway, providing clarity and certainty for action and investment...through setting targets for 2020, 2030 and 2040”. In working towards the targets, it will be possible to adopt measures and policies that support other Welsh Government priorities and commitments and bring benefits beyond reducing emissions. Examples of such policies include:

- Replacing private vehicle use with walking or cycling reduces emissions and improves health
- Insulating homes reduces emissions, lowers energy bills and improves health
- Reducing emissions from private vehicle use improves air quality and health

Consideration will be given to the effect of measures and policies on other public bodies and their well-being objectives.

Collaboration

The Regulations provide the technical mechanism and governance framework for meeting the net zero 2050 emissions reduction target. Achieving that target will require significant contributions from a huge number and wide range of partners, including:

- All Welsh Government departments
- UK Government departments
- Other public sector bodies
- Energy companies
- Transport providers

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- Manufacturers
- Farmers and landowners
- Individuals

Within the Welsh Government, a cross-Government Climate Change Portfolio Board has considered the CCC's advice and made a recommendation to Cabinet.

Measures and policies will be set out in a report for each carbon budget period, the next being in November 2021. Policies to deliver our carbon budgets are subject to an engagement process and formal consultation period, where appropriate.

Involvement

The Act requires Welsh Ministers to seek and take into account advice from our advisory body, the Climate Change Committee (CCC), before laying regulations. This advice was published in December 2020. The CCC ran a Call for Evidence in support of their advice. We hosted stakeholder events with the CCC in Llandudno and Cardiff in January 2020. Over 70 delegates attended from a range of sectors.

The Call for Evidence provided an opportunity for interested parties to inform the CCC's advice and recommendations to the Welsh Government. As policies are developed to meet the targets and budgets, we will involve those affected in order to understand the full range of impacts.

Impact, Costs and Savings

The RIA considers the costs, benefits and impacts of the CCC's recommended Balanced Pathway.

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Section 7. Conclusion

7.1 How have people most likely to be affected by the proposal been involved in developing it?

In preparing their advice the CCC ran a public Call for Evidence to capture input from organisations and individuals on matters relevant to the regulations, as well as UK Carbon Budget 6. The Call for Evidence ran from 5 December 2019 to 5 February 2020. The Welsh Government and CCC ran two stakeholder events during the period: one in Llandudno on 20 January 2020 and one in Cardiff on 21 January 2020, with around 60 delegates attending in total.

There were four questions in the Call for Evidence with a Wales focus. These each received between 11 and 37 responses^[1]. A high-level overview of the responses and a list of respondents is available in the CCC's Summary of responses document.^[2]

We have published our Engagement Approach for Low Carbon Delivery Plan 2 that describes how we intend to involve and collaborate with people and stakeholders throughout 2021. We also continue to consult on the policies required to meet the carbon budgets and targets, for example the Electric Vehicle Charging Strategy, Building Regulations Part L and F Review, and the Agriculture (Wales) Bill.

7.2 What are the most significant impacts, positive and negative?

7.3 In light of the impacts identified, how will the proposal:

- **maximise contribution to our well-being objectives and the seven well-being goals; and/or,**

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- **avoid, reduce or mitigate any negative impacts?**

It is not possible to identify the impacts of the regulations as they simply provide the statutory framework emissions reduction. The impact of taking action to meet the targets and carbon budgets depends on the measures and policies chosen. These policies will be set out in a report for each carbon budget period, the next being published in November 2021. Policies to deliver our carbon budgets are subject to an engagement process and impact assessments, including RIA where appropriate.

However, the CCC provided an indication of the potential impacts arising from the net zero transition in their December 2020 advice [3]. The CCC's Expert Advisory Group on Health identified five key areas in which action would bring benefits to public health and reduction of health inequalities while contributing to the mitigation of climate change:

1. Improved air quality delivered by a move to a cleaner energy system and moving away from fossil fuel combustion in most sectors of the UK.
2. Healthier modes of transport, particularly due to the health benefits of walking and cycling and reducing air pollution from road vehicles.
3. More comfortable and efficient homes that are low-carbon, energy efficient and designed for a changing climate.
4. Better diets with a focus on healthy and sustainable alternatives to the highest carbon foods.
5. Sustainable economic and employment models that better support health and wellbeing.

While noting the potential benefits to public health, the Group noted that the biggest driver of health outcomes in the UK remains economic inequality. A just transition is therefore an essential part of a successful climate policy and health policy.

The CCC also highlighted the positive impacts on nature arising from several measures included in their scenarios:

- Tree planting: improve air quality, regulate flooding and storm flow.
- Peatland restoration: flood protection and habitats for wildlife.

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- More efficient use of fertilisers in agriculture (water quality and biodiversity).

7.4 How will the impact of the proposal be monitored and evaluated as it progresses and when it concludes?

Each year a report on Devolved Administration Greenhouse Gas Inventories is published on the National Atmospheric Emissions Inventory (NAEI) website [4].

The emissions data takes 18 months to compile. This means, for example, that the 2018 data is published in summer 2020. The Wales GHG Inventory will show whether or not the policy intent behind the regulations is being achieved.

Additionally, before the end of the second year after the budgetary period, the Welsh Government will publish a statement after each budgetary period setting out whether Wales has met the budget, whether they have debited or credited any carbon units and giving details on the type and number of units. For example, the statement for Carbon Budget 1 (2016-20) will be published before the end of 2022. No later than six months after the Welsh Ministers lay the final progress statement for a budgetary period, the CCC must provide a report setting out their views on the way in which the carbon budget for the period was or was not met and the action taken by the Welsh Ministers to reduce net Welsh emissions of greenhouse gases during the period. If Wales misses a carbon budget, within three months of publishing the statement, the Welsh Government must publish a report describing how it will compensate for the excess emissions in later budgetary periods.

Similarly, before the end of the second year after the relevant interim target year, the Welsh Government will publish a statement on whether or not the interim emissions target has been met. For example, the statement for the 2020 target will be published before the end of 2022. Following the Welsh Government's statement, the CCC will advise whether the forthcoming interim target(s) and 2050 target represent the highest achievable targets for Wales. If not, they must state what the highest achievable target is.

[1] Sixth Carbon Budget and Welsh emissions targets – Call for Evidence Summary

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[2] [Welsh emissions targets: Summary of responses to Call for Evidence \(CCC, 2020\)](#)

[3] [The path to Net Zero and progress on reducing emissions in Wales](#)

[4] [Devolved Administrations - Greenhouse Gas Reports](#)

Section 8. Declaration

I am satisfied that the impact of the proposed action has been adequately assessed and recorded.

Name of Senior Responsible Officer / Deputy Director: Chris Wheeler

Department: ESNR

Date: 27 January 2021

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