

# PROSPERITY FOR ALL: A LOW CARBON WALES SUSTAINABILITY APPRAISAL (SA)

## Sustainability Appraisal Report NON-TECHNICAL SUMMARY

February 2019

### Contents

#### Context

Prosperity for All: A low carbon Wales

Sustainability Appraisal (SA)

Sustainability characteristics and likely evolution without Prosperity for All: A low carbon Wales

Key sustainability issues and opportunities

How has Prosperity for All: A low carbon Wales been assessed?

What reasonable alternatives have been considered and addressed?

What are the likely significant effects of Prosperity for All: A low carbon Wales and how can they be managed, mitigated or enhanced?

How has the SA influenced Prosperity for All: A low carbon Wales?

What monitoring is proposed?

Next steps

## Context

1. This is the Non-Technical Summary of the Sustainability Appraisal Report. It provides an outline of the SA process and findings, including how the SA has influenced the development of Prosperity for All: A low carbon Wales ("the Plan"). It includes a summary description of the significant sustainability effects expected as a result of the Plan.

## Prosperity for All: A low carbon Wales

2. The Environment (Wales) Act 2016 places a duty on the Welsh Ministers to reduce greenhouse gas (GHG) emissions by at least 80% by 2050, against the 1990 baseline. The Ministers must set interim targets for 2020, 2030 and 2040, and 5 yearly carbon budgets, commencing 2016 – 2020 and ending 2046 - 2050. 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. The Plan is the report for the first carbon budget period (2016-20).
3. The Climate Change (Wales) Regulations 2018 were developed with advice from the expert advisory body, the UK Committee on Climate Change (UKCCC). The Regulations include setting out the interim targets and the first two carbon budgets. The interim targets are:
  - 2020 – 27% reduction against the baseline
  - 2030 – 45% reduction
  - 2040 – 67% reduction
4. The UKCCC advised that we are over halfway through the first carbon budget period and that there is little scope for new policy actions to affect emissions to 2020.<sup>1</sup> Therefore, the first budget will be delivered through existing policy commitments; it also includes proposals that can be further investigated for future carbon budgets. The Plan was developed across Government departments and working with stakeholders across society and all sectors.

## Sustainability Appraisal (SA)

5. Sustainability Appraisal (SA) is a systematic process that aims to promote sustainable development through assessing the extent to which an emerging plan or project will help to achieve relevant objectives. The Welsh Government has chosen to undertake an initial Sustainability Appraisal (SA) of the Plan. There is no requirement for the document to be subject to statutory Strategic Environmental Assessment (SEA). However, the Welsh Government has chosen to undertake a SA that takes into account the principles and approach of the SEA process, as well as the principles and objectives of sustainable development and well-being.

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<sup>1</sup> <https://www.theccc.org.uk/publication/building-low-carbon-economy-wales-setting-welsh-carbon-targets/> (p.8-9)

## Sustainability characteristics and likely evolution without Prosperity for All: A low carbon Wales

6. There has been a long-term trend of global economic growth of around 2% per year that appears to be shifting from the western countries and towards Asia. Since the recession in 2008, a productivity slowdown has sharply reduced growth rates with the UK and Wales. Inequalities in well-being are associated with a range of personal characteristics, social and economic factors. Whilst poverty levels are a little higher in Wales than the rest of the UK, in terms of overall wealth, levels are higher than most areas outside the South of England. There is a continuing issue for employment among disabled people and young people; also, a relatively high level of retired people. As with other nations, it is important that the Plan helps to encourage businesses whilst seeking to ensure that costs to businesses are kept manageable and competitive.
7. Wales' population is projected to increase over the next 20 years, possibly by around 5% and the percentage of the population over 65 and 75 is projected to increase. The number of households is projected to grow faster than the overall population, including smaller household sizes.
8. Healthy communities are closely related to healthy environments. Wales, along with the rest of the UK and other countries, failed to meet its national and international biodiversity targets. Although water quality has improved and some elements of air quality, many of the natural resources and resilience of Wales' ecosystems are continuing to decline with concern over resilience and capacity to provide services and benefits into the future.
9. The number of properties (homes and businesses) at medium or high risk of flooding from rivers and the sea was 61,108 in 2014. By 2050, average river flows in winter may rise by 10-15%, but in summer and autumn they could reduce by over 50% and as much as 80% in some places. Droughts and flood events may become more common
10. Wales has considerable relevant expertise within the Higher Education sector and has established a significant economy in the renewable and low carbon sectors. There has been an increase in the encouragement of apprenticeships, including recognising the importance of STEM (Science, Technology, Engineering and Maths) that is particularly important for progressing a low carbon economy.
11. The numbers of Welsh speakers declined between 2001 and 2011 and challenges remain to ensure that young people retain the language post-compulsory education. Wales has a rich history, and this is strongly reflected in the historic environment. The provision of broadband infrastructure is developing rapidly after a slower start relative to the rest of the UK – due in part to the high level of rural households that are harder to connect. Current trends suggest that, despite growth in rail use, private vehicles are set to remain the dominant mode of transport in Wales – at least in the short to medium term. There is a downward trend in the number of people choosing to walk or cycle shorter journeys which needs to be reversed.

12. Without the Plan to reduce greenhouse gases and move towards a low carbon society, the projected impacts of climate change for Wales could have adverse effects on health and communities, economic activity, infrastructure with water, energy and communication shortages, and food security.

### Key sustainability issues and opportunities

13. The SA considered the objectives of other key plans/programmes and the baseline characterisation to identify the key issues and opportunities relevant to the Plan:

<b>Prosperous and Secure</b>
Encourage investment in the Welsh economy with inclusive growth built on strong foundations, supercharged industries of the future, and productive regions
Address levels of unemployment and the low primary income by providing new, skilled jobs
Continue to invest and aim to be at the forefront of the renewable and low carbon sector
Promote sustainable economic growth, increasing economic diversification and sustaining business competitiveness
Support a strong tourism and recreation economy with care for environmental and heritage assets
Address levels of fuel poverty
Reduce poverty levels within Welsh communities, and address existing issues with inequalities between the most deprived and least deprived areas of society
Reduce greenhouse gas emissions and help combat climate change
<b>Healthy and Active</b>
Reduce the gap in life expectancy between the most and least deprived areas in Wales, and address the increase in mental health illness amongst the adult population
Adapt to an ageing population and the associated increase in health issues such as dementia
Encourage and increase the use of sustainable transport, including walking and cycling
Improve access to good quality and affordable housing for everyone
Protect and enhance biodiversity for people and wildlife with healthy functioning and resilient ecosystems
Manage natural resources more sustainably and help address the causes of climate change including increasing energy efficiency
Protect people and assets from flood risk and make ecosystems more resilient to climate change
Improve water quality and sustainable use of water resources
Improve soil quality and sustainable management of land
Reduce emissions from vehicles and improve air quality through encouraging more sustainable transport modes and reducing need to travel by cars/trucks
<b>Ambitious and Learning</b>

Reduce gap in educational success between least deprived and most deprived groups
Continue to develop leading-edge skills in the renewable and low carbon sector
<b>United and Connected</b>
Promote the Welsh culture and use of the Welsh language
Increase connectedness and sustainable transport, reducing reliance on the private car
Continue to invest in digital infrastructure so excluded communities gain access to fast broadband
Promote sustainable and cohesive communities – in both rural and urban areas
Protect and enhance the historic environment

### How has Prosperity for All: A low carbon Wales been assessed?

14. An SA Framework was compiled, including strategic SA Objectives and decision-aiding questions that aim to resolve the issues and problems identified for low carbon delivery planning in Wales. This SA Framework, together with the baseline information, comprised the basis for assessment.

Strategic SA Objective
1 To support and encourage people and businesses to help drive prosperity for all
2 To support and encourage employment opportunities for all to help tackle regional inequality
3 To encourage and support sustainable growth and combat climate change
4 To contribute to improving good health and wellbeing for everyone
5 To contribute to building healthier communities to improve social cohesion and equality
6 To contribute to building better environments
7 To contribute to equipping everyone with the skills for a changing world and to encourage learning for life
8 To help build resilient communities, culture and language
9 To contribute to the delivery of modern and connected infrastructure
10 To contribute to the promotion and protection of Wales' place in the world

15. Using the SA Framework, the baseline information available, and professional opinion, the likely effects of the Plan were assessed – and as whole. The SA considered the nature of the likely sustainability effects (including positive/negative, duration (short, medium or long term), permanent/temporary, secondary, cumulative and synergistic), where possible, and according to categories of significance:

<b>Categories of Significance of Effects</b>		
<b>Symbol</b>	<b>Meaning</b>	<b>Sustainability Effect</b>
<b>++</b>	Major Positive	Proposal or policy encouraged as would resolve existing sustainability problem
<b>+</b>	Minor Positive	No sustainability constraints and proposal or policy acceptable
<b>0</b>	Neutral	Neutral effect
<b>?</b>	Uncertain	Uncertain or Unknown Effects
<b>-</b>	Minor Negative	Potential sustainability issues: mitigation and/or negotiation possible
<b>--</b>	Major Negative	Problematical and improbable because of known sustainability issues; mitigation likely to be difficult and/or expensive

### **What reasonable alternatives have been considered and addressed?**

16. In line with advice from the UK Committee on Climate Change (UKCCC) and recognising that we are over halfway through the first carbon budget period, there is little scope for new policy actions to affect emissions to 2020. Therefore, the first budget will be delivered through existing policies that have variously been subject to impact assessments during their preparation. Consequently, the SA is somewhat limited in what it can assess and there are no realistic alternatives to investigate through SA at this initial stage of low carbon delivery planning.

### **What are the likely significant effects of Prosperity for All: A low carbon Wales and how can they be managed, mitigated or enhanced?**

17. The policies in the Plan have been tested through SA and there were no significant negative effects identified, either individually or in consideration of inter-relationships and cumulative effects. Many of the effects identified were predicted to be minor positive and some were found to have negligible or neutral effects. Major positive effects were indicated through the overarching approaches for the Pathway to 2050 and for Leadership, Collaboration and Involvement. Whilst all the factors are inter-related and cross-cutting, the particular issues for energy generation and transport are identified.
18. Overall, the Plan has identified current policies and proposals to meet the first carbon budget. In developing the Plan, policies and proposals were selected that would reduce the potential for negative effects and seek to promote positive effects. There were no significant technical difficulties encountered during the preparation of this SA. There are inherent difficulties in predicting the likely future baseline and assumptions were made using professional judgment. The overall findings of the SA are shown in the following table.

	Programme for Government key themes									
	Prosperous and Secure		Healthy and Active		Ambitious and Learning			United and Connected		
	SA Objectives (2016-20)									
<b>Prosperity for All: A low carbon Wales</b>	1 Encourage Prosperity	2 Support Employment for all	3 Combat Climate Change	4 Health and Wellbeing	5 Healthier Communities	6 Better Environments	7 Skills and Learning	8 Resilient Communities	9 Connected Infrastructure	10 Wales' place in World
Vision	++	+	++	+	++	++	0	++	+	+?
Leadership, Integration, Collaboration and Involvement	++	+	++	+	+	+	+	+	0	0
Power	+	+?	+	+	+?	+	0	+	+	+?
Industry	+	+?	+	+	0	+	0	+	+	+?
Buildings	0	0	+	++	+	+	0	0	0	0
Transport	+	0	0	+	+	+	0	0	0	0
Waste	+	0	+	+	+	+	0	0	0	0
Land Use and Forestry	0?	+?	+	+	+	+	+	0	+	0
Agriculture	+	+	+	+	+?	+	+	0	0	0
Methodological approach	+	+	++	+	+	+	+	+	+	+

19. The structure of the SA and the alignment of the SA framework with the details in the RIA that informed the preparation of the Climate Change (Wales) Regulations 2018 provide an independent and objective assessment of the Plan and help demonstrate that the Well-Being of Future Generations Act (WFG) formed an integral part of preparation of the Plan, embedding it into future policy development.

### **How has the SA influenced Prosperity for All: A low carbon Wales?**

20. The SA found that the Plan will have positive effects for the low carbon transition. Potential negative effects on economy/employment and natural resources/ecosystems will need to be mitigated through strong policies including relevant standards, regulations and targets to help ensure that they are implemented.

### **What monitoring is proposed?**

21. The Plan includes proposals for a monitoring, reporting and verification system to track the progress of the document. It is considered that further monitoring regarding the SA and predicted effects is not required.

### **Next steps**

22. The Plan and this SA Report will be published in March 2019. Work will then continue to prepare the next report of policies and proposals for 2021-2025, taking into account the results of the review and monitoring, continuing predictions, and updated evidence, and including investigating options for future policy actions and testing them through SA.