

Welsh Carbon Budgets – Call for Evidence Response

Organisation

Office of the Future Generations Commissioner for Wales

Question 1: Does the Paris Agreement mean that Welsh emissions targets should keep open a deeper reduction in emissions than 80% by 2050? Are there implications for nearer-term targets?

We already know that climate change is a key challenge for, and will have significant impacts on, the well-being of future generations. I took up post as Future Generations Commissioner for Wales in 2016 and when setting my own policy priorities climate change was one of the four key challenges identified. The Well-being of Future Generations (Wales) Act places a statutory duty on me to act as guardian of the ability of future generations to meet their needs. The emission targets for Wales should be set in way that is informed by the latest evidence on the likely impacts of climate change on the well-being of future generations.

I would advocate the need for taking a long-term approach to setting targets and also developing actions to support delivery, whilst recognising what steps we need to take in the short-term to deliver these targets. The approach must embed the five ways of working set out in the legislation - long term planning, prevention, integration, collaboration and involvement.

The Paris Agreement, and latest evidence, does suggest we should open conversations, and explore a long-term goal, of becoming a zero carbon Wales rather than just seeking an 80% reduction. Given that the well-being goals include a more Resilient, Equal and Globally Responsible Wales the principles of fairness, and global equity should also be taken into consideration, which suggests the need for deeper reductions.

The cost on future generations of delaying action is well documented by Stern and others, again suggesting that we should be seeking deep emission cuts now focusing on action up to 2030 rather than beyond, so that the costs and impacts are not off-loaded onto future generations.

Question 2: Do you think that leaving the EU has an impact on the targets or how they can be met?

As a principle there should be no regression from commitments made under the EU which support or contribute to Wales meeting their carbon reduction targets. In Wales we have a unique piece of legislation – the Well-being of Future Generations (Wales) Act – which places a duty on Welsh Ministers and public bodies to maximise their contribution to the social, economic, environmental and cultural well-being of Wales. As such it is the key framework for public sector decision-making in Wales. For this reason, the five ways of working and the goals should be used to frame all decision making in relation to the Welsh Government's response to leaving the EU. This will ensure that responding to climate change and a low carbon society shape and inform that response and, therefore, the way in which the emissions targets can be met.

It will also be worth considering the impact on issues such as

- EU Trading schemes and whether a more effective alternative can be developed, if appropriate;
- Public sector procurement activity, which is included in Scope 3 emissions, and the impact on their supply chains and businesses in Wales.

In terms of Welsh specific issues Land and Property taxes are now under Welsh Government control, and the agricultural subsidies regime could soon become devolved which presents a huge opportunity to change the management of land in Wales in a way that supports our decarbonisation aspirations. It is also worth considering Wales' future relationship with the EU and how this will impact on the Welsh economy – this could have different implications for the agricultural sector (eg on lamb or dairy farming) which in turn could affect emissions (positively or negatively).

Question 3: In the area(s) of your expertise, what are the opportunities and challenges in reducing Welsh emissions in the nearer term (e.g. to 2030)?

The Well-being of Future Generations Act is the key decision-making framework for Wales including the development and implementation of policies such as the Decarbonisation programme. In terms of opportunities, the Act requires public bodies, including Welsh Ministers, to use the Sustainable Development principles (five ways of working) to maximise their contribution to each of the seven well-being goals. We are providing support and constructive challenge to the Welsh Government to encourage them to use the Act to frame the decision making of both the design and the delivery of the Decarbonisation programme.

The ways of working include thinking long-term, prevention (eg of emissions), integration, collaboration and involvement; and the well-being goals include the requirement to establish a low carbon society, taking action on climate change, understanding and reducing its impacts, and reducing emissions.

Any approach must consider not just the primary outcome being sought (in this case meeting the emissions target) but instead must consider how the primary outcome can be reached in a way which maximises the contribution to the seven national statutory Well-being goals. It is also worth exploring how the new well-being

objectives, set by the 44 Public Bodies including Welsh Government, support the national target for emission reduction; and whether the well-being objectives and plans being developed by the 19 Public Services Boards do likewise.

I wrote to the Chief Executives and Leaders of all Public Bodies and PSBs in July to highlight the importance of engaging with, and responding to, this call for evidence; and through the support my Office has been providing over the summer I am aware that it has been discussed by a number of PSBs with a few including climate change mitigation and/or adaptation in their draft objectives and steps. We would be happy to share further information on this with you in due course.

It is also critical to ensure that Welsh Government are not taking decisions that have the potential to undermine our ability to reduce our emissions – a recent example of this is the proposals to extend the M4 motorway around Newport which is currently going through a Public Inquiry. Going ahead with this project would both undermine the aspirations of the Well-being of Future Generations Act as well as the Environment (Wales) Act as I have outlined in my evidence to the Public Inquiry earlier this year. I continue to be concerned with the way Welsh Government and others are interpreting the goals, especially that of a Prosperous Wales which encourages a transition to a low carbon economy and is far more holistic than the traditional approach to economic growth. We need to start measuring economic impact in line with the definition of a more Prosperous Wales, which moves us away from the current focus of measuring GDP. We also need to make decisions and investments now, e.g. on energy and transport infrastructure projects, with a view to the positive outcomes they will deliver in the future to support our decarbonisation aims.

Currently decisions made (and criteria developed) by the UK Government are focussed on traditional economic growth rather than the aims of a Prosperous Wales – recent examples include not electrifying the rail line to Swansea, delay on Tidal Lagoon scheme, City Deals. It is critical that such decisions do not continue to undermine our aspirations in Wales to move to a low carbon economy and society.

Finally, a key piece of work of work my office has undertaken in the last six months has been to set my Policy Priorities. Climate change – mitigation and adaptation – was a key consideration. The analysis sought to identify the areas which could have the most impact on all of the Well-being goals and the work had concluded that there are significant opportunities around energy, transport and housing - areas which can have an impact on reducing emissions as well as wider benefits to social, economic, and cultural well-being. These areas will be the focus for my work programme over the next six years and I would suggest are areas which should be prioritised for action as part of a programme for emission reduction.

Specific opportunities for Wales could include:

- Wales being a leader in community models for local renewable energy generation,
- innovative housing models (supported by revised Building Regs) and a national energy efficiency retrofit scheme for all houses,
- A low carbon Metro transport system for south east Wales
- A new national infrastructure commission that supports low carbon developments
- City Deals for Cardiff and Swansea that support low carbon regions.

Question 4: What is required by 2030 to prepare for the 2050 target for an emissions reduction of at least 80% on 1990 levels, recognising that this may require that emissions in some areas are reduced close to zero? Is there any impact of the need to go beyond 80%, either in 2050 or subsequently?

The Act requires public bodies to think about the long-term and my experience from the first year shows that this is clearly a considerable challenge to them as they have only been used to planning on an annual, or up to five-yearly, basis. I realise that the budgets will need to consider long-term critical path measures, i.e. what do we need to do now to enable deep reductions from 2030 to 2050, and welcome this. We also need to make decisions now on investments that will support this long-term ambition as outlined in my answer to Q3.

However, I would urge that you go beyond considering technological solutions only and consider the role of individuals and society in supporting the reductions required. The requirements of the Well-being of Future Generations Act will not be realised without significant cultural and behavioural change across the public sector, and evidence suggests that this is also the case for reducing carbon emissions. Technology alone will not deliver the 80% target, even less the deeper reductions the Paris Agreement requires. Securing the understanding and active engagement of individuals within public bodies and in their communities is key to being able to make the difficult decisions that will be necessary to achieve the targets.

There is a significant challenge in the levels of understanding and commitment to carbon reduction amongst public sector leaders and policy makers as well as within the population at large. The recent Well-being assessments conducted by Public Services Boards across Wales showed that although climate change was mentioned to some extent in all Assessments, there was considerable variation in understanding and interpretation of the opportunities (mitigation) and how they could contribute to the delivery of national and international obligations, as well as how climate impacts could affect their local communities.

A programme which achieves the intended outcome of an 80% reduction can in my view only be successful if significant energy, resources and regulatory framework support the cultural change that is needed.

My office is developing a programme of work which will seek to explore and explain the well-being goals and provide a practical set of resources to help public bodies take action. This will assist in driving cultural change but as my office has limited resources we must also be able to draw on the support of bodies who work directly with specific sectors such as the Welsh Local Government Association, NHS Confederation, and others as well as utilising policy and resources levers available to Government to support the culture change needed.

Question 5: What are the respective roles of UK Government, Welsh Government, the wider public sector, business, third sector and individual or household behaviour in delivering emissions reductions between now and 2030? And, separately, between 2030 and 2050?

All sectors clearly have a role to play – I would refer to points made in response to Q3 about the role of UK Government in supporting Wales' ambitions, rather than to undermine them. Welsh Government also have a key leadership role and need to ensure that they are making decisions now which are fit for the future. We have an opportunity to ensure that significant policy decisions made about the budget, hospitals, education etc are done in a way that supports delivery of the carbon budgets i.e. that carbon budgets are integrated into, and connected with, all key policy and budget decisions.

Forty-four Public Bodies are covered by the Well-being of Future Generations Act, however other sectors including the Private sector and Third Sector are keen to embrace the Act and use it as their framework. Two of the key principles (ways of working) in the Act is collaboration and involvement and highlights how working in partnership can deliver innovative solutions needed to improve the well-being of people in Wales. Public bodies are required to demonstrate how they can maximise their contribution to the seven well-being goals which include moving to a low carbon society and economy, taking action on climate change and addressing the impacts. As mentioned previously in addition to technological changes, there needs to be a greater awareness and understanding of the climate challenge – the Act can support this positive engagement with people. A recent example of this is the "Zero Carbon Wales" events arranged by Wales Council for Voluntary Action (WCVA) with Centre for Alternative Technology (CAT) and my office – to engage with stakeholders on the work being carried out by CAT on moving to Zero Carbon and what opportunities there are in Wales to develop a focus on behaviour change do this.

However as mentioned above there is a significant need to broaden understanding of a commitment to taking action beyond those who are already interested and committed. This will require leadership at the highest level and key policy requirements, resource allocation and political narrative to prioritise carbon reduction across all portfolios and policy areas in Government. It is not clear that this is happening currently.

Question 6: As a business, as a Public Sector Body, or as a citizen, how do emissions targets affect your planning and decision-making?

To be able to achieve the required reductions in emissions, emissions targets should have the same prominence as financial resources in policy and service design and development. In general terms this is currently not the case in public bodies. The Act empowers, enables and requires public bodies to do this, to maximise their contribution to achieving a low carbon society.

My experience of working with the public sector suggests that currently they do not consider national emissions targets in their planning or decision-making. A number do have individual emission reduction targets - these are often driven by potential financial savings. I would suggest that national targets are not taken into account because data / evidence about the emissions implications of different decisions is not easily available - an example of this would be in procurement. The Well-being of Future Generations Act is a framework for better decision-making and should support bodies to make decisions that are based on evidence and are future-proof.

Question 7: In your area(s) of expertise, what specific circumstances need to be considered when setting targets and budgets for Wales and how could these be reflected in the targets?

Clarity around areas that are devolved and where Welsh Government has the greatest opportunity to influence. As referred to in Q3 my Office's work on policy priorities has indicated that infrastructure, and in particular housing, energy and transport, are key opportunities in Wales to drive action that supports the Act and also a low-carbon future. In addition, we need to ensure that we foster the relevant skills to help us deliver a low carbon economy and society as referred to in the Prosperous Wales goal.

See further detail in answer to Q3, including the impact of UK Government decisions here in Wales.

Question 8: The power and industry sectors in Wales are dominated by a small number of large emitters. What are the key challenges and opportunities that this presents in setting the levels of carbon budgets and how should the process of setting them reflect these?

The private sector is not subject to the Well-being of Future Generations Act but many are seeking to adopt the principles of the Act to support their work eg Tidal Lagoon Power. As outlined in the definition of one of the seven well-being goals – a Prosperous Wales – which defines this as a Wales that is innovative, productive and low carbon society which recognises the limits of the global environment and therefore uses resources efficiently and proportionately, with skilled, well-educated populations providing decent employment. To deliver this we must

focus on opportunities for Green Growth and moving to a low carbon economy. Initiatives such as the tidal lagoon provides real opportunities for Wales to do this, and it is imperative that the UK Government supports such developments.

The key short-term challenges will be for Wales to reduce emissions from these key high emitters and Welsh Government will need to work closely with the industry to seek opportunities to do this.

Question 9: What evidence should the Committee draw on in assessing impacts on sustainable management of natural resources, as assessed in the state of natural resources report?

The key piece of evidence is the State of Natural Resources report, and the work NRW are undertaking to develop Area Statements. There may be other sources such as the Woodlands for Wales Strategy, WWF's Living Planet Report (2016), WTW's Green Infrastructure report that are also relevant.

The National Assembly for Wales' Climate Change, Environment and Rural Affairs Committee has recently undertaken an inquiry to consider the the future shape of policies and finance to support agriculture, land management in Wales and rural communities – their report was published in March 2017.

As part of the Well-being of Future Generations Act, public bodies have worked together to consider the well-being of their local area. It may also be worth considering these Assessments of Local Well-being that have been published by the 19 Public Services Boards - as these have considered issues that affect the environmental economic, social, and cultural well-being of their areas.

As part of the engagement I undertook as part of setting Policy Priorities we received very strong feedback about the importance of nature conservation and healthy ecosystems for the well-being of future generations (as reflected in A Resilient Wales, goal 2). This will be a thread that we consider as part of everything we do.

Refs:

Well-being Assessments - <http://gov.wales/topics/improvingservices/public-services-boards/?lang=en>

Green Infrastructure report - http://www.wtwales.org/sites/default/files/green_infrastructure.pdf

Assembly Committee report - http://www.assembly.wales/laid_documents/cr-ld10995/cr-ld10995-e.pdf

Question 10: What evidence regarding future trends as identified and analysed in the future trends report should the Committee draw on in assessing the impacts of the targets?

As mentioned earlier the Act requires Public Bodies to think about the long-term impacts of what they do. The legislation requires the Welsh Government to publish a Future Trends report, which includes trends on climate change, land use and natural resources, but the data is very limited. They are currently working with stakeholders, including ourselves, to improve the quality and relevance of their report so it can be used effectively by public bodies and Public Services Boards to inform their work on well-being.

My first Future Generations will not be published until 2020 – however I will be publishing other reports before then that should be taken into account e.g. Well-being in Wales: Planning today for a better tomorrow.

Link -

https://futuregenerations.wales/wp-content/uploads/2017/07/FGCW_Well-being_in_Wales-Planning_today_for_a_better_tomorrow_2017FINALENG.pdf

I would recommend that you also consider other key Futures reports such as

• WEF Global Risks Report: <https://www.weforum.org/reports/the-global-risks-report-2017>

• Oxford Martin Commission report - Now for the Long Term:

http://www.oxfordmartin.ox.ac.uk/downloads/commission/Oxford_Martin_Now_for_the_Long_Term.pdf

It may also be worth considering Future Trends in light of EU Exit as they may look very different.