

Agenda – Climate Change, Environment, and Infrastructure Committee

Meeting Venue:

Hybrid – Committee room 4 Ty Hywel
and Video Conference via Zoom

Meeting date: 28 April 2022

Meeting time: 09.30

For further information contact:

Marc Wyn Jones

Committee Clerk

0300 200 6565

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Private pre-meeting (09.15–09.30)

Public meeting

1 Introductions, apologies, substitutions, and declarations of interest

(09.30)

2 Decarbonisation of Housing – evidence session 1

(09.30–10.40)

(Pages 1 – 43)

Chris Jofeh, Chair – Welsh Government Independent Implementation Group
on Residential Decarbonisation

Dr Jo Patterson, Senior Research Fellow – Welsh School of Architecture

Dr Ed Green, Senior Lecturer – Welsh School of Architecture

Attached Documents:

Research brief: Decarbonisation of existing housing

Paper – Chris Jofeh

Paper – Dr Jo Patterson, Dr Ed Green, and Dr Simon Lannon – Welsh School of
Architecture



Break (10.40–10.50)

3 Decarbonisation of Housing – evidence session 2

(10.50–11.50)

(Pages 44 – 52)

Scott Sanders, Chief Executive – Linc-Cymru

Louise Attwood, Executive Director Property – Linc-Cymru

Neil Barber, Executive Director Property & Investment – Pobl Group

Wayne Harris, Director of Strategic Asset Management – Pobl Group

Tom Boome Head of Development, Innovation and Climate Change –
ClwydAlyn

David Lewis, Executive Director of Assets – ClwydAlyn

Attached Documents:

Paper – Linc Cymru, ClwydAlyn and Pobl Group

Lunch break (11.50–12.15)

Private pre-meeting (12.15–12.20)

4 Decarbonisation of Housing – evidence session 3

(12.20–13.15)

(Pages 53 – 69)

Clarissa Corbisiero, Director of Policy and Deputy Chief Executive –
Community Housing Cymru

Gavin Dick, Policy Officer – National Residential Landlords Association (NRLA)

Matthew Dicks, Director – Chartered Institute of Housing Cymru

Attached Documents:

Paper – Community Housing Cymru

Paper – National Residential Landlords Association (NRLA)

Paper – Chartered Institute of Housing Cymru

Break (13.15–13.25)

5 Decarbonisation of Housing – evidence session 4

(13.25–14.15)

Mark Bodger, Partnership Director, Wales – Construction Industry Training Board (CITB)

Cat Griffith–Williams, Chief Executive – Construction Excellence in Wales (CEWales)

6 Papers to note

(14.15)

6.1 Decarbonisation of housing

(Pages 70 – 83)

Attached Documents:

Letter from the Chair to the Minister for Climate Change in relation to decarbonisation of housing

Response from the Minister for Climate Change to the letter from the Chair in relation to decarbonisation of housing

6.2 Decarbonisation of housing

(Pages 84 – 85)

Attached Documents:

Letter from the Chair to the Chair, Local Government and Housing Committee in relation to work on decarbonisation of housing

Response from the Chair, Local Government and Housing Committee to the letter from the Chair in relation to work on decarbonisation of housing

6.3 Marine environment management

(Pages 86 – 95)

Attached Documents:

Welsh Government response to the Committee's Report on the Welsh Government's Marine Policies

6.4 Common Frameworks

(Pages 96 – 101)

Attached Documents:

Letter from the Minister for Climate Change to the Chair in relation to Provisional Common Frameworks for Air Quality, and Chemicals and Pesticides

6.5 Inter-Ministerial Group for Environment, Food and Rural Affairs

(Pages 102 – 104)

Attached Documents:

Letter from the Minister for Rural Affairs, North Wales, and Trefnydd to the Chair, Legislation, Justice and Constitution Committee, in relation to the Inter-Ministerial Group for Environment, Food, and Rural Affairs

6.6 Committee Report on storm overflows

(Pages 105 – 107)

Attached Documents:

Letter from Guy Linley-Adams in relation to the Committee's Report on storm overflows

6.7 UK Emissions Trading Scheme (UK ETS)

(Page 108)

Attached Documents:

Letter from the Minister for Climate Change to the Chair regarding the development of legislation related to the UK Emissions Trading Scheme (UK ETS)

6.8 Memorandum of Understanding (MOU) between the UK Government, the Welsh Government, Senedd Cymru and Ofcom

(Page 109)

Attached Documents:

Letter from the Deputy Minister for Arts and Sport, and Chief Whip to the Chair, Culture, Communication, Welsh Language, Sport and International Relations Committee regarding the review of the Memorandum of Understanding (MOU) between the UK Government, the Welsh Government, Senedd Cymru and Ofcom

6.9 Welsh Government Draft Budget 2023–24: Engagement

(Pages 110 – 112)

Attached Documents:

Letter from the Chair, Finance Committee in relation to its programme of engagement for the Welsh Government Draft Budget 2023–24

6.10 Biodiversity: Protecting and enhancing the natural environment

(Pages 113 – 114)

Attached Documents:

Letter from the Chair to the Minister for Climate Change in relation to biodiversity: protecting and enhancing the natural environment

6.11 Scrutiny of the Future Generations Commissioner

(Page 115)

Attached Documents:

Letter from the Chair, Equality and Social Justice Committee regarding annual scrutiny of the Future Generations Commissioner

7 Motion under Standing Order 17.42 (vi) and (ix) to resolve to exclude the public from the remainder of today's meeting

(14.15)

Private meeting (14.15–14.30)

8 Decarbonisation of Housing – consideration of evidence heard under items 2,3,4 and 5

9 Renewable energy in Wales – consideration of the Committee's draft report

(Pages 116 – 138)

Attached Documents:

Draft report: Renewable energy in Wales

Document is Restricted

Progress made by the Welsh Government since the publication of the *Better Homes, Better Wales, Better World* report, and what its priorities should now be.

Chris Jofeh 8 April 2022.

The report made seven main recommendations, and each was amplified by a series of actions. In the table below I comment on the progress made by Welsh Government against each action and propose priorities for Welsh Government.

Covid-19 has adversely affected Welsh Government's ability to act, as have staff shortages and changes. But greenhouse gas emissions don't wait, so the tempo of action by Welsh Government must now increase. This may require changes to some of its internal processes.

Pack Page 32

Recommendation	Action	Progress	Priorities for Welsh Government
1 Strategic Commitment	1.1 The Welsh Government should publicly commit now to pursuing a 30-year residential decarbonisation programme	Welsh Government has committed to Wales achieving net zero by 2050	Publicly reinforce the important role of housing retrofit in achieving net zero and in reducing energy bills. A well-designed and well-tested communications programme will be needed.
	1.2 All political parties at the national and local level should make a clear commitment to supporting the achievement of the targets in Recommendation 2	Welsh Government has done this. It has also asked the decarbonisation implementation group if there is a better way to express the	

		target than by reference to SAP/EPC	
	<p>1.3 No later than 2025, all new homes in Wales must be built to be low carbon, energy and water efficient and climate resilient.</p> <p>Independent checks must be made to ensure these higher standards are delivered. This will prevent the challenge to retrofit homes becoming larger and more expensive. All homes built with public sector funding should meet these standards no later than 2021</p>	<p><i>Private homes</i> Building Regs are slowly being tightened <i>Homes built with public sector funding</i> Welsh Development Quality Requirements 2021 requires EPC A and forbids the use of fossil fuel fired boilers to provide domestic hot water and space heating.</p>	<p><i>Private Homes</i> Require new homes to be Net Zero ready for 2030. <i>Homes built with public sector funding</i> Require new homes to be Net Zero ready for 2030. ("ready for 2030" recognises the further grid decarbonisation that will be achieved by that date).</p>
	<p>1.4 The Welsh Government should urgently start developing the recommendations and actions in this report into an ambitious programme of action which is ready for implementation in 2021. This must be underpinned by behaviour change principles and a communications plan reflecting them.</p>	<p>With the exception of ORP, no substantial progress. Comms. has been poor.</p>	<p>For comms. see 1.1. For private homeowners (both occupiers and landlords) much more needs to be done by Welsh Government and others to ensure that private homeowners have the capability, opportunity and motivation to decarbonise their homes and to run them without wasting energy.</p>

2 Set Ambitious Targets	2.1 By 2050 the housing stock must be retrofitted to beyond SAP90 to achieve an EPC Band A rating, recognising that not all homes will be able to achieve this	<i>Social housing</i> Slow start. <i>Other sectors</i> Even slower.	See 1.4, 3.1 and 4.8. Welsh Government should also consider setting specific targets with penalties for failure to meet those targets.
	2.2 Lobby the UK government to support and encourage the further decarbonisation of the energy supply grids because Wales will not achieve the carbon reduction target without it.	I do not know if Welsh Government lobbied UK Government, but grid decarbonisation has continued and is forecast to continue.	
	2.3 The Welsh Government should urgently commence a 10- year programme to prioritise the retrofit of certain homes. (a) The Welsh Government should set a target of EPC Band A for homes in social ownership and homes in fuel poverty. (b) The Welsh Government should incentivise early adopters to retrofit homes to a target of EPC Band A	<i>Social homes</i> Good progress but completion by 2030 is uncertain. <i>Privately-owned homes</i> No action by Welsh Government to support early adopters	
3 Ensure Quality and Delivery across Tenures	3.1 The Welsh Government should fund the creation of and publicly promote a “Home Logbook” for every home to guide energy efficiency decisions and investments.	No progress. This is a serious blocker to progress.	Welsh Government should mandate and subsidise a programme in which every home in Wales is surveyed and its Building Renovation Passport (BRP) created by the end of 2025. (BRP is the

			Green Finance Institute's preferred name for Home Logbook).
	3.2 The Welsh Government should work with stakeholders and other interested organisations to create and fund an independent quality assurance regime that is appropriate for single homes as well as multi property projects.	Lessons will be learned from ORP which will inform the new quality regime.	Work with stakeholders and other interested organisations to create and fund an independent quality assurance regime that is appropriate for single homes as well as multi property projects, based upon the lessons learned during ORP.
	3.3 Ensure the new quality regime is appropriate and accessible to SMEs in Wales as well as larger firms and that all have access to the skills and training they need to take advantage of a 30-year retrofit programme.	<p><i>Quality regime</i> As above.</p> <p><i>Training</i> SMEs in Wales have been strong supporters of the apprenticeship programme in Wales, but as there are no clear frameworks in green skills, they are not prepared to provide engagement until a model exists.</p>	<p><i>Quality regime</i> As above</p> <p><i>Training</i> WG should create a simple skills matrix, what training is available where and the relevant qualification outcome. Suggest WG could work with MCS /Trustmark to develop a Wales Kitemark system. More than just technical training will be required:</p>

Pack Page 36			this report contains sensible advice.
	3.4 Encourage and support businesses in Wales to deliver projects that will result in the best community benefits	ORP seeks to do this.	Act on lessons from each phase of ORP so that benefits are maximised across Wales
	3.5 Encourage and support social landlords to extend their residential upgrade activities beyond their own portfolios to help deliver improvements to homes owned by their occupiers and by private sector landlords.	No progress. ORP2 was to have involved work to homes owned by private landlords but this idea was dropped.	ORP3 should involve work to the homes of both owner-occupiers and private landlords.
	4.1 The Welsh Government must urgently undertake detailed modelling of the costs associated with the targets set out in Recommendation 2. This will inform priority early action according to tenure, archetype and geography and specifically to verify the 10-year targets.	Cost data is being collected in ORP1 and will continue to be collected in subsequent phases.	Publish lessons learned as soon as possible.
	4.2 Continue the WHQS for social landlords and the £108M per year funding associated with it, on the basis that they deliver against the stretching targets set out in Recommendation 2	It appears likely that the draft for consultation of WHQS2, expected in May 2022, will contain demanding targets for affordable warmth and environmental impact; and that Dowry and MRA funding will continue. There is still no WHQS funding for traditional RSLs.	See 4.4.

	4.3 Provide guidance and support to social landlords to enable them to meet the challenging new targets in Recommendation 2	I am not aware of any guidance published yet. CEW is producing guidance as part of ORP1.	
	4.4 Find a financial solution for traditional RSLs who do not currently receive WHQS resources to enable them to meet the stretching targets described in Recommendation 2.	No progress.	This should be a priority
	4.5 Ensure existing public sector funding programmes that support the improvement of homes are amended to align with the outcomes and targets recommended in this report	The Warm Homes programme funds energy efficiency improvements to eligible households, but I am unaware if its targets and outcomes are aligned with the report's recommendations.	Warm Homes processes and improvements should be in accordance with the requirements of WHQS2.
	4.6 Make resources available to fund the development of Home Logbooks, detailed in Recommendation 3, and the funding of uptake by homeowners.	<i>Social sector</i> These are being trialled in ORP. <i>Privately-owned homes</i> No progress	See 3.1.
	4.7 The process for homeowners applying for financial support should be as straightforward as possible, and be linked to the need for a Home Logbook described in Recommendation 3	No progress	The Development Bank of Wales should play a key role in developing and supporting this process.
	4.8 Urgently create financial support mechanisms to enable owner-occupiers and private landlords who wish to improve the energy efficiency of their	<i>Owner-occupiers</i> No progress. <i>Private landlords</i>	The Development Bank of Wales should play a key role in supporting the

	<p>properties. Press the UK Government for financial support.</p>	<p>Landlords can apply through ECO/ NEST if they are aware of a tenant's financial position (the tenant must be on specific benefits). UK Government funding was allocated to English local authorities through the Local Authority Delivery (LAD) scheme, to improve the energy efficiency of homes of low-income households, help reduce fuel poverty and phase out high carbon fossil fuel heating. There should have been some consequential funding for Wales, but I am not aware that this was provided.</p>	<p>development of financial support mechanisms for owner-occupiers and private landlords. The importance and urgency of tackling climate change require urgent action and some risk taking by DBW.</p>
	<p>4.9 Longer term and/or more innovative non-financial solutions need to be quickly identified, piloted, field-trialled and, if successful, rolled out.</p>	<p><i>Social sector</i> ORP is doing this <i>Privately-owned homes</i> No progress, though it is expected that some lessons from ORP will be transferable.</p>	<p>See 4.8</p>

5 Data and Knowledge	5.1 All relevant information, including energy consumption data from before and after retrofit activities, should be used to inform the measurement of progress, policy development and investment. The data collection process will need to inform the Low Carbon Delivery Plan	ORP will provide very valuable data, but data from privately-owned homes is also needed	Welsh Government should engage with BEIS and the Data Communications Company, which holds smart meter data, to press for the availability of aggregated LSOA-based* month by month energy consumption data.
6 Test and Rollout	6.1 Establish a fund of at least £100 million to continue until 2030 to pay for the development of small and large-scale testing of innovative solutions, not limited to technical issues, which will help to decarbonise Welsh homes. The Welsh Government's successful Innovative Housing Programme (IHP) provides a model for this	ORP is an exemplary programme and is in its second year. Welsh Government has made a multi-year funding commitment to the end of this Senedd term.	See 3.5
The Importance of Communities	7.1 Encourage and support community involvement in the development and delivery of a new programme	I am unaware of any progress in this area.	Welsh Government should begin by organising workshops with relevant communities, networks, associations and third sector organisations to a) review expectations and create a common understanding of the scope, resources and timeline of a national

			programme of residential decarbonisation and b) identify the roles that different parties could play.
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*LSOA (Lower Super Output Area) is the geographic unit used in the Welsh Index of Multiple Deprivation. There are 1,896 LSOAs in Wales each with a population of about 1,500 people.

One further priority.

Current Welsh planning [guidance](#) forbids the installation of an ASHP within 3m of the boundary of a property. That will cause serious problems for a very large number of Welsh homes. The equivalent distance in English planning guidance is 1m. Welsh Government should urgently revise its planning guidance to allow ASHPs much closer to a property boundary, or an openable window, provided the appropriate acoustic criteria are met.

An all-Wales building stock model.

The Committee may not be aware that an all-Wales building stock model is being created by a team at the UCL Energy Institute. A building stock model is a computer-based ‘digital twin’ of all the buildings in an area. Such models already exist for London and Sheffield. South-east Wales will be the first area to be modelled.

Building stock models can be used to assess energy demand in large numbers of buildings in relation to a range of variables, including built form, age, construction and activities. Poorly performing buildings can be identified, and the potential for retrofit evaluated. Policies for addressing fuel poverty can be evaluated by making links to confidential socioeconomic data on occupants. In conjunction with building energy-simulation tools, scenarios can be investigated for retrofit, the potential for renewables and issues in demand-side management.

Building stock models can also be used to identify homes eligible for ECO4 funding, to explore area-based approaches, to help with large-scale cost estimates, to begin the process of creating building renovation passports, to identify potential local demand for skilled trades, materials and products, and to help coordination with other area-based decarbonisation and infrastructure activities.

The home surveys called for in 3.1 will enrich the stock model and improve its usefulness.

Pwyllgor Newid Hinsawdd, yr Amgylchedd a Seilwaith / Climate Change, Environment and Infrastructure Committee

Datgarboneiddio tai / Decarbonisation of housing

DH06

Ymateb gan Dr Jo Patterson, Dr Ed Green, a Dr Simon Lannon - Ysgol Pensaernïaeth Cymru

Evidence from Dr Jo Patterson, Dr Ed Green, and Dr Simon Lannon - Welsh School of Architecture

Response from Ed Green and Simon Lannon based on their research:

Retrofit strategies should include fabric first-measures to minimise increases in household fuel bills and a consequent increase in fuel poverty.

Retrofit options for a significant percentage of housing are constrained by character, which would limit changes to the external fabric.

Given that decarbonisation of the future energy supply is currently uncertain, all other housing should be retrofitted to perform beyond SAP90.

A flexible approach that pushes all housing to achieve stringent standards by 2050 is the only way to achieve targeted reductions in carbon emissions under the assumed energy supply scenarios.

Response from Jo Patterson based on her research:

Regulators have a significant role to play in enabling retrofit - District Network Operators, Planning and Building Regulations etc. should have clear and transparent processes in place to support decarbonisation in the housing sector. Engagement with these sectors needs to be enhanced and flexibility/adaptability needs to be considered to speed up the retrofit process.

Supply chain - costs are spiralling upwards, particular for fabric retrofit measures due to a lack of materials in the market due to energy costs/BREXIT/COVID. Focussing on the 'easy to retrofit' first will enable supply chains to develop to develop economies of scale. More difficult to treat homes later when supply chains have developed.

Skills gap - There is a lack of organisations in the market who have the necessary skills to install individual low carbon technologies and solutions. This is amplified when you look for those who have the skills to combine solutions into whole energy systems to achieve the deep carbon reductions required. 'Further Education' institutions are keen to work together to share knowledge but are not clear on how to do this efficiently and where training skills exist. This requires support.

Longer term decarbonisation retrofit funding programmes - the stop-start nature of earlier initiatives (FIT, Green Deal, Arbed) to progress decarbonisation of housing stock has not helped the development of sustained supply chains. Future programmes need to be longer term (the Optimised Retrofit Programme is longer term) but should be inclusive and flexible. Support should be provided to trusted suppliers in the market to upskill if the market starts to shift. Feedback on the supply chain should be gathered and provided to support

upskilling or removal from purchasing systems if performance is not up to standard. Poor quality retrofits can have a very negative impact.

Whole house/energy systems approach - A clearer understanding of what should be carried out 'first' is required to allow staggered investment in retrofit solution, particularly for owner occupiers. Evidence from research indicates that installation of an air source heat pump in a poorly insulated home significantly increase the energy costs for occupants if switching from solid fuel or gas. Although this does reduce carbon emissions it has a detrimental impact on fuel poverty.

Every home is different - Making the right solutions for right homes is critical. Homes have different numbers and types of occupants, different levels of maintenance, different orientations etc.. - these all impact on how much energy is used and when, and therefore what retrofit solutions are appropriate. A simple and rapid planning survey tool is required to gather initial information to assist with the decision-making process and to present information in a way that is understandable and trusted.

Appropriate and relevant data needs to be stored and shared - having a useful database of information about housing stock is critical for making rapid informed decisions. Social housing companies should be supported to develop a database which will help at all stages of a retrofit from planning, design, procurement, construction and operation/maintenance.

Evaluation has to happen to enable learning from experience and provide reliable evidence - This should be relevant and should be shared widely for others to learn. If this evaluation is carried out independently the outcomes are more likely to be trusted. This also allows for positive and negative outcomes to be shared. Evaluation of the technologies, the energy systems and the supply chain should be carried out to enable short and long term improvements.

Third sector organisations should be support to play a long-term role in the delivery of a decarbonised housing stock. They can provide an independent role that can be trusted, building technical knowledge, collaboration opportunities and communication skills over time. This could also include local authorities if the right skills can be developed.

Agenda Item 3

Pwyllgor Newid Hinsawdd, yr Amgylchedd a Seilwaith / Climate Change, Environment and Infrastructure Committee

Datgarboneiddio tai / Decarbonisation of housing

DH05

Ymateb gan Linc Cymru, ClwydAlyn, a Grŵp Pobl

Evidence from Linc Cymru, ClwydAlyn, and Pobl Group

Climate Change, Environment and Infrastructure Committee Evidence. Housing Decarbonisation Retrofit of Homes 28.04.2022

Introduction

1. This Paper is submitted on behalf of Linc Cymru, ClwydAlyn and Pobl Group. We endorse the need for ambitious decarbonisation targets and share a willingness to participate with the social housing sector to deliver these; this paper focusses on a number of the challenges and potential solutions of delivering the decarbonisation of Welsh social housing by 2033 and some contextual observations.

SAP 92 - an observation on the language used around the target?

2. The Standard Assessment Procedure (SAP) target of 92 is being widely adopted as a proxy for a zero-carbon home. Whilst the Energy Performance Certificate (EPC) with its SAP scores is a familiar and understandable metric, SAP 92 is not Zero Carbon. The energy use component that informs whether a home will reach SAP 92 reflects Primary Energy only; it does not take account of secondary energy use in the home IE plug in electrical devices such as charging an electric vehicle, boiling a kettle, watching a TV, using a microwave oven or computer etc. So, although a good target by comparison with the average existing home in Wales, it could be misleading to represent SAP 92 as zero carbon or call it a standard that equates to the decarbonisation of a home. It is really a standard of likely carbon emissions caused by that home when using Primary Energy.
3. SAP 92 can also be achieved with a fossil fuel burning heating appliance, photovoltaic panels, battery storage and excellent building fabric enhancements so not delivering on the zero carbon agenda. With the changes to the RD SAP modelling software due in summer 22 (SAP 10) the advances made with electricity generation through low carbon technologies will be remodelled. As SAP 10 is introduced old assumptions that electric heating is highly carbon dirty will change and homes will get a better SAP score with electric heating, giving more opportunities for electric heating design and the possible demise of like for like gas boiler replacement programmes. However, the issue with this is that due to the differential in the cost of purchasing gas and electricity, without in some instances, carrying out major improvements to the property fabric as the boiler is changed, the householder faces the risk of fuel poverty.

4. SAP 92 takes no account of the *embodied* energy used to win raw materials, transport them to a manufacturing/processing plant, component manufacture, transport to site, energy used to construct the home and remove waste. Therefore, using materials and technologies that have travelled significant distances to retrofit a home to SAP 92, creates its own carbon footprint which whilst not classed as part of decarbonisation – nonetheless creates significant carbon impact. A solution is local sourcing of renewable products and labour and this may represent an opportunity for Unnos to invest in the manufacture of certain key products and technologies such as air source heat pumps, semiconductor chip technology or saw mills.
5. Reaching SAP 92 will also be uneconomical for a proportion of the oldest or non-traditionally constructed homes (34% of all homes in Wales were constructed pre-1919) that it makes little sense to make a disproportionate investment to push beyond say SAP 80 or 83 for these homes at this time. Carbon offsetting for the last 12 points or so could be an alternative approach to deliver value for money whilst decarbonising the stock.

Financing Decarbonisation

6. The Welsh School of Architecture (WSA) indicate an average decarbonisation cost per home of approximately £18,445¹ to achieve SAP 92. This figure is now 2-3 years out of date. It was hoped that as the 'green economy' grows, material costs would reduce. However, recently with the perfect storm of energy cost rises, general inflation, the covid pandemic, material and staff shortages it could be some time before costs reduce. This will put significant pressure on delivering decarb measures within a shortened 10 year window.
7. We would recommend that energy efficiency / decarb measures be undertaken via an approach that maximises the life of existing components. As an example, if a gas fired boiler due to be replaced in 2028, is swapped for an air source heat pump (ASHP) instead of a replacement gas boiler, the cost of the gas boiler is deducted from the replacement ASHP to indicate the extra over cost only. The above WSA model lacks some practical challenges. If the home in our example is only 15 years old in 2028 it is true the boiler will be at the end of its theoretical design life but will often continue working for several more years adding value. Then there is the life of the radiators; in 2028 these are only 50% of the way through their predicted life cycle and substitution of an ASHP requires all the radiators to be replaced as they will be undersized for the ASHP to work effectively.
8. Not only does this generate a lot of waste from the disposal of functioning radiators and probably all the pipework as it is changed from a micro bore to a

¹ This figure is drawn from early findings of the stage 3 research by the Welsh School of Architecture (WSA) into decarbonising of the Welsh housing stock (work that was commissioned by the Welsh Government).

mini bore system; but as a social landlord will have only depreciated 50% of the radiator and pipe costs so there is a negative impact to the income and expenditure account to the business – a trading loss and reduction of surplus/profit. With a decarbonisation programme on the scale and a timeline proposed (2033) many components such as windows, doors, wiring systems and roofs will be a long way away from the end of their economic life placing significant pressure on the income and expenditure account.

9. Staying with gas boiler by the 2028 example, this approach also puts pressure on programmes of work to ensure that the fabric is 'electric heating ready' by that date to ensure the resident isn't disadvantaged by the difference in electricity verses gas cost.
10. All the above will affect the health of the RSL's business. Social landlords use a Net Present Value (NPV) calculation to understand whether properties are a liability or an asset to the business. The NPV essentially measures the income received from rent over 30 years minus all costs such as repairs, financing costs, component replacements and management costs of the homes. If the rental income has a surplus at the end of 30 years then we have a profitable home; if not then we have a loss making home – and wide scale loss making homes can equal a loss making unsustainable business.
11. The net present value of homes without a large financial grant, will in many cases become net present negative over the life of the business plan. Simply knowing how much the cost of decarbonising the homes will be, having adequate materials and labour does not in itself mean the landlord can afford to carry out the works. There is also a further accounting challenge where our auditors may take the view that all our assets are impaired due to the cost to value ratio of the work versus the asset and this would significantly affect the balance sheet and loan covenants as well as RSLs ability to generate private finance.
12. Additionally, the cost of servicing and maintaining much of the decarbonisation technology has not been factored into current business plans. Insulation and draught stripping are generally fine, once installed needs little if any attention. Mechanical devices however need regular servicing, repair from time to time and have shorter life spans (PV inverters 15 years, ASHPs 15-18 years, mechanical ventilation 15 years etc). Once this is factored into business plans, budgets must be found. This aspect of decarbonisation cost is not included in the much-quoted average of £18,445 per home to decarbonise which is the one-off implementation cost only.
13. Existing UK energy efficiency grants are not particularly helpful to social landlords in Wales. Take the Energy Commitment Obligation 3 (ECO) grant funding, it is aimed at very poorly performing homes with EPC G, F and E. As most RSLs in Wales have improved their homes beyond SAP 65 (EPC D)

only the Welsh private sector and English households will qualify to access the mainstream elements of these grants, despite our tenants paying for the grants via their electricity bills.

14. A key obstacle for RSLs raising loans to fund decarbonisation of homes is no financial return to the landlord to service, and in time, repay the loan. Without a rent formula that enables at least a proportion of the financial saving to be recouped by the landlord, it is difficult to invest at scale and pace.
15. If financial institutions see the cost of decarbonisation and the challenges RSL's face repaying loans we could see credit ratings drop making borrowing more expensive. Although the provision of VAT relief on Energy Efficiency Measures (EEM) is welcomed as it will help to reduce upfront costs, it is believed that reducing VAT simply removes one of many barriers. Further incentives will be required to stimulate the private sector.

The unintended consequences of improvements and technology.

16. With the installation of the ASHP in our above example, it will require a hot water storage cylinder; most homes today have a gas combination boiler that provides the heating and hot water so does not have a storage cylinder. Finding space for a storage cylinder is not always possible, especially in a one bedroomed flat with no loft space. Additionally, battery storage which will be an essential component for a Photovoltaic system is sizeable, often considered by the fire and rescue service as a fire hazard (necessitating a fire resisting cupboard on occasion), and again can be difficult to accommodate.
17. Some of our tenants have refused to have these sizeable *ugly* devices in their lounge (the only practical location in some apartments) as a last resort and necessitate the purchase a more expensive weather resistant external type of battery that due to cost must be housed in a secure cage in the garden. None of these additional costs appear in the £18,445 estimate above. There have also been ancillary costs coming to light from initial retrofits. Some tenants have concerns around new wiring being surface mounted in conduits and these being unsightly compared to the much more expensive (dust creating) alternative of embedding wiring in new plasterwork.
18. Next is the need to use ASHPs in a very different way to a gas fired boiler. These pumps operate at much lower temperatures and the heating in winter must be left on for approximately 16 – 18 hours a day; and the radiators only feel moderately warm. Householders have considerable difficulty accepting these new norms. With ASHP's there could also be the need to obtain planning permission for the installation of the heat pump due to the requirement for approvals if closer than 3 metres to the property boundary which again adds cost and potential delays. This is an understandable concern regarding the noise they generate reducing the enjoyment of neighbouring homes. A change to planning legislation to provide a blanket

exemption on side and rear elevations for heat pumps that do not exceed a specified (reasonable) sound level would be beneficial.

19. The inconvenient truth is that whilst we have resolved the technology of insulation and controlled ventilation for a fabric first approach; the renewable heat technology is somewhat still in its infancy. There are positive signs from mainland Europe where high temperature ASHPs are emerging that can replicate the temperatures for water that a gas boiler achieves but they work under higher pressure and are currently less efficient than the low temperature ASHPs in the UK. Hopefully technological advances will reduce this efficiency gap in time.
20. Although there are many benefits to retrofitting homes there can also be unintended consequences. Some works trigger the need for an electrical consumer unit replacement, or full rewiring of the home, and where laminate flooring needs to be lifted, lofts emptied of storage, decline due to the level of disruption tenants anticipate is common. We have needed to install storage platforms above the insulation in lofts to persuade tenants to allow a loft top up – costs not factored into the average of £18,445 per home to decarbonise.
21. Some tenants cite carbon reduction as an ambition of the Middle Classes; “we are just trying to survive; leave my gas alone” – not unreasonable given that for retrofit homes it is difficult to improve the building fabric sufficiently to compensate for the higher kWh unit rate of electricity to the kWh rate for gas, even taking account of the coefficient of performance of the heat pump; especially in winter.
22. In some situations, there are mixed tenures, either a terraced row of homes or block of apartments and undertaking a scheme such as external wall insulation becomes almost impossible unless someone is willing to pay the cost for a low-income private homeowner or a reluctant participant with other priorities.
23. A further challenge is carrying out retrofit work with the resident in-situ. Installation of internal wall insulation systems will cause great disruption to the existing resident as kitchen units and bathroom suites are removed from the walls. If this is to be left until such times as the property is void although reducing tenant disruption this could elongate the overall program, it would have an impact on void turnaround times, increasing rent loss and negatively impacting RSLs ability to generate a surplus to cover the issues identified above.
24. We also need to be mindful of how insulation works could cause some homes to overheat and potentially cause other issues such as condensation and mould growth if ventilation and moisture levels are imbalanced. Net zero carbon and ‘air quality’ are not always comfortable bedfellows. Research

shows how fresh clean air can help reduce respiratory related health issues, clean fresh air needs to be factored in to net zero challenge we can't just seal homes entirely. So draught exclusion (uncontrolled air infiltration) will often need to go hand in hand with the installation of a whole house mechanical ventilation unit (with or without heat recovery) – assuming there's room to fit it in. This means some measures if applied individually can be detrimental.

25. Intelligent Energy Systems reporting data back to the landlord (and under the Optimised Retrofit Programme (ORP) the Welsh Government) currently need a data card (SIMS) to work correctly. These devices are a prerequisite to receiving ORP grant but are only funded for 12 months after which the RSL or resident must fund the system. At £2 month x 12 months, £120,000 p/a for every 5000 homes an RSL owns.

Residents voice and choice

26. Reduction of energy bills will often be less than expected following retrofit for two reasons. Those on the lowest incomes will often have been underheating their homes – being barely comfortable for let's say £1400 per annum (a figure pre the current energy price spike). The improvements to the home's fabric will see many households take the benefit in comfort not a reduction in cash or carbon. IE still spend £1400 per annum but for the first time being comfortable.
27. Secondly, we need to influence and encourage change in the householder's behaviour by utilising the new technology appropriately and not for example removing a cardigan and slippers and turning the heating level up. We would also wish to see a reduction in the use of 'unregulated energy' to lower energy usage and reduce CO2 producing products. Perhaps more accessibility for those on lower incomes to highly efficient fridges, washing machines, kettles etc rather than buying less efficient second-hand appliances. Recognising that the current cost of living crisis will force many to just switch appliances off.

Regulatory Challenges

28. The recently updated British energy security strategy, references Networks, Storage and Flexibility. Quite what this will deliver remains to be seen but social landlords are experience a particular problem relating to tariffs when creating 'Community energy Aggregation Schemes' IE where the excess electricity from homes with Photovoltaic systems and batteries on that estate wish to share the excess generated electricity between homes locally. As soon as we export the electricity it attracts all the Govt tariffs and network transport costs, significantly inflating the cost. The current regulations never envisaged local schemes of this nature, rather it is structured for someone in Lands' End selling their electricity into the grid and it being bought by someone in John O'Groats. A change to these Regulations will significantly assist reduce fuel poverty in local Welsh communities via such schemes.

Inadequate Infrastructure

29. Putting aside electric vehicle charging housing associations are finding Western Power Distribution stating that in many cases their infrastructure is old and unable to accommodate PV and ASHP systems. They are requiring housing associations to fund the replacement of Western Power Distribution substations and cables to homes. We have experienced them insisting we remove our single-phase wiring (the norm for domestic properties) and replace with new 3-phase wiring costing over £180,000 for one scheme of 40 homes. None of this cost is factored into the average of £18,445 per home to decarbonise.
30. As each home needs an intelligent energy system (IES) to help the householder and energy management company spot failings (such as the ASHP defaulting to run 100% on the emersion heater) we need SMART Meters in all homes. Currently as a landlord due to Ofgem Regulations we have to rely upon the tenant (customer of the energy company) to request the installation of new SMART Meter(s). Many refuse to do so. And where they do request a meter there are long delays by the energy companies to install them. It would be beneficial if this could be facilitated by Welsh Government to reinforce the importance of co-operation by providers.

Emerging technologies

31. We do not know how quickly new materials and devices will be developed so avoiding a deep retrofit approach now for most property types will be a necessary approach to ensure a 'No Regrets' investment approach. The emerging high temperature ASHPs in mainland Europe is a perfect example of managing this challenge.
32. Will the heating system of choice be green hydrogen boilers, or ASHPs? Perhaps in 2033 we will look back and regret the charge made to install electrical heating systems. Certainly, the pathway to zero passport approach assists with this challenge; incremental improvements to specific housing archetypes over time will allow in part the embracing of new technological developments, however the shorter the final programme date the less these benefits can be embraced.

Supply Chain Challenges

33. In parallel with the implementation of new technologies is the need for a highly trained workforce to maintain and repair the new devices. Decarbonisation at pace will be difficult without an adequately skilled workforce of sufficient size to meet demand. Get this equation wrong and we will see excessive costs as landlords fight to recruit and retain staff where there is a shortage of supply; or a waste of training for skills that remain unused if we have an oversupply years before it is needed.

34. In practical terms the World is emerging from Covid disruptions and is causing material shortages which in turn is delaying work and increasing cost. The microchip shortages that are much reported in relation to new car manufacture are the same factories that supply microchips for intelligent energy monitoring systems and boilers now on 12-week lead times. Some delays will be short lived once Covid absences from the workplace are a thing of the past but as the World rushes to decarbonise, using the same technologies, at the same time there is a real risk that a ready and willing social landlord will not be able to decarbonise at the pace planned due to a world shortage of products needed. This also presents a unique opportunity for Wales to develop the manufacturing basis to serve not only the localised market but also a global one. It would be helpful to understand the inward investments team approach to this area of the market to make sure there is alignment between government priorities and lever as much value from the decarb programme for the Country.
35. A further supply chain challenge specifically relates to adopting PAS 2035 when access grants, it is an extremely complex and detailed approach. Certainly, some rigour is needed with the design and implementation of decarbonisation but the additional resource and cost implications, not only for RSLs but within the supply chain is significant. Whether a 'PAS 2035 lite' version can be used is worthy of exploration.

Disposal of difficult to treat housing

36. Almost all social landlords will own some homes that are so expensive to decarbonise and potentially in lower demand areas that the decision point of investing £40k - £70k to decarbonise will raise the disposal question. Some of these homes have a low 'Existing Use Value' and disposal will realise a significant capital receipt for reinvestment in re-provision.
37. Disposal could for some locations attract private owners who have the financial means and desire to decarbonise the home; for other less desirable homes that fall into the private rented sector there may be little improvement beyond that required by the Minimum Energy Efficiency Standard (MEES).
38. Perhaps a more tailored, socially driven, disposal methodology, where each asset is evaluated, and where suitable, upgraded to provide good quality homes for first home buyers and other end users is required. This approach would however require significant grant as such improvements can equate to 70%+ of the property's existing value and is uneconomical for social landlords to fund.
39. In our view, we must also think of replacement homes as an important part of the solution. Using the proceeds to develop new homes means that we can improve and evolve our asset base to become younger, less costly to

maintain, as well as more sustainable. Each new home built from disposal proceeds is a home which wouldn't exist otherwise.

Welsh Housing Quality Standard 2 (WHQS)

40. We anticipate that the proposed new Quality standard will seek to increase standards and understandably so. Yet the WHQS 1 standard is already well above the English equivalent the Decent Homes Standard. In some areas this reasoning is not clear and increases costs to Welsh Social landlords diverting limited funds away from decarbonisation. For example, in Wales we change a kitchen every 15 years, the same kitchens from the same manufacturers in England requires changing only every 20 years. Bathroom suites are similar at 25 years in Wales and 30 years in England. There is no logic to this and potentially costs Welsh social landlords millions unnecessarily. If WHQS 2 seeks to push the non-decarbonisation standards significantly higher this will take funding capacity away from RSLs ability to decarbonise their homes.

 41. With the Safer Buildings Bill, England will bring down the maximum height to 5 – 6 storeys, in Wales its proposed to come down to 2 storeys – millions of pounds of additional cost. We are still dealing with the impacts of the New Fire Safety Act 2021. Delivering decarb in the relatively short time may have the effect of increasing cost as the delivery sector currently isn't at sufficient size to meet demand. Can Social Landlords afford this ambition within the existing financial model?

 42. Social Landlords remain committed to delivering low carbon homes for the good of their customers, the environment, and the planet. However, when there is a limited financial pie to be carved up the safety matters will take a higher priority than decarbonisation ambitions despite them being placed within the WHQS framework.

 43. This same conundrum applies to the supply of much needed new build social rented homes; just how much of a housing association's borrowing capacity should be utilised for decarbonisation of existing homes when there is such a shortage of social housing to meet housing need. It would be helpful to understand the work coming from other sectors to solve this funding challenge to ensure we continue to deliver good quality new build homes as well as efficient and warm existing stock.
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Pwyllgor Newid Hinsawdd, yr Amgylchedd a Seilwaith / Climate Change, Environment and Infrastructure Committee

Datgarboneiddio tai / Decarbonisation of housing

DH01

Ymateb gan Cartrefi Cymunedol Cymru / Evidence from Community Housing Cymru



Decarbonisation of Housing Inquiry

Community Housing Cymru's Written Response

Housing associations strive to be a low carbon sector, through work across our businesses and our homes we actively seek opportunities to reduce our impact on the environment and reduce energy bills for our tenants. As a sector, we recognise the impact that homes have on the environment, and the impact that homes can have on tackling climate change. Decarbonising our existing stock can also boost the foundational economy by supporting local supply chains and creating jobs, and also provide warmer homes that are more affordable for tenants to run.

Many housing associations have already begun retrofitting their homes to net-zero standards. For example, in November 2020, Pobl with their partner Sero, launched the [UK's largest transformative energy retrofit project](#) which plans to see 650 homes in Swansea benefit from the installation of renewable energy generation, energy storage and smart energy management technology. The scheme has been supported by £3.5mn EU funds from the European Regional Development Fund (ERDF) through the Welsh Government, and will see the community generate as much as 60 per cent of their total electricity requirements, reducing bills as well as carbon emission by as much as 350 tonnes per year. Another example includes Adra Housing Association, who has begun piloting the retrofit of 80 of its homes to develop the best approach to retrofitting its housing stock, with support from the Welsh Government's Optimised Retrofit Programme.

To realise the huge opportunity presented by the decarbonisation of existing homes four key conditions need to be in place:

1. **A clear and affordable financing mechanism.** This is likely to involve a blend of public and private finance but must be in place ahead of scaling up the programme and imposition of targets on the sector.

2. **Effective learning into what works and the true cost of retrofit.** The Optimised Retrofit provides an opportunity to understand this in greater detail but sharing the learning as we go and ensuring that data is robust is key to the roll out.
3. **A coordinated approach to building the skills we need with the accompanying investment** that ensures that we maximise the investment into decarbonisation in Wales to support the foundational economy.
4. **Support and time to ensure that the retrofit of existing stock is carried out with full and proper tenant engagement.** The Optimised Retrofit Programme provides a good opportunity to invest more in tenant engagement and learn what works well.

More information on each of these areas is detailed below.

1. **A clear and affordable financing mechanism**

Opportunity: In order for the social housing sector to decarbonise at the pace and scale that is needed, a blend of investment including substantial Government subsidy will be vital. This investment will support housing associations to both retrofit existing stock and continue to develop new affordable homes which helps meet the housing need in Wales. This investment will also create local jobs, support the foundational economy, and help tackle the climate change emergency. Further, given that Wales is leading the way in terms of residential decarbonisation, the job creation will be enhanced by the new enterprises being set up to produce the new technologies required. We are starting to see this happen because of the activity by the housing association sector.

Challenges: The scale of the challenge is significant. The Optimised Retrofit Programme is an important part of building our understanding of the true costs of retrofit for different property types however the Welsh School of Architecture research provides a helpful estimate of an average cost of £18,445¹ per property. It is likely that for some properties that this figure is conservative at best. The Future Generations Commission's commissioned [report](#) with NEF estimated the cost of decarbonisation of the social housing sector to be in the region of £5.5bn.

This cannot be funded from existing budgets alone. Housing associations leverage significant private borrowing to blend with public investment into existing homes and building new homes. This makes every pound of public investment go further. However, the scale of the challenge means that this will not be sufficient and a significant investment of public funding is required if

¹ This figure is drawn from early findings of the stage 3 research by the Welsh School of Architecture (WSA) into decarbonising of the Welsh housing stock (work that was commissioned by the Welsh Government).

the ambitions stated by the Welsh Government are deliverable. Housing associations will continue to invest in improving their tenant's homes in line with their existing asset management strategies. Failure to do this will at worst mean that decarbonisation will not be delivered over a ten-year programme (as recommended by the [Better Homes, Better Wales, Better World Report](#)) and even a best case will result in huge pressure and impact on services, the development programme and the business plans for even the most financially resilient of organisations.

The Future Generation Commissioner's report identifies UK Government funding as an important part of the funding mix. However, the recent UK Government Energy Strategy missed an opportunity to set out its ambitions with regard to retrofit and the funding that must accompany it with significant implications for the deliverability of current Welsh Government ambitions to decarbonise social housing stock.

It is likely that the next iteration of the Welsh Housing Quality Standard (WHQS) will include a high energy efficiency requirement such as EPC A. The sector is ambitious to achieve decarbonisation, however will need to be supported financially in order to do so. The WHQS2 financing model will need to provide the Boards of each social landlord sufficient assurance that the standard is achievable without compromising the other organisation's objectives, such as new homes, investment in existing stock and community development, for example. Failure to do this may cause significant regulatory and funding concerns.

The Regulator for Registered Social Landlords in Wales has recently published a [Sector Risk Overview](#) which provides an update on key risks and challenges faced by the housing association sector. In it the Regulator recognises that a new and updated version of WHQS will require *'substantial investment to improve the energy efficiency of RSLs' existing stock.* It states that *'there is currently significant uncertainty as to the total cost of this programme and the availability of government funding towards this expenditure.'*

The Welsh Government must commission detailed research and development to work with the sector to explore off balance sheet funding mechanisms. This needs to be completed and a longer term funding package in place well before any new standards are introduced. Funding made available in the Welsh Government budget provides an opportunity to accelerate this work.

What we need:

- **Longer term certainty over the financing of the decarbonisation of existing homes well ahead of the implementation of any new standard for implementation.**
- **The new WHQS should be deliverable and ensure the continued viability of the sector.**

- **The Welsh Government should work with the housing association sector to explore a range of off balance sheet funding models which can sit alongside government investment to meet the scale of the financing challenge as a matter of urgency.**

2. Effective learning into what works and the true cost of retrofit.

Opportunities: The Welsh Government's Optimised Retrofit Funding is a valuable and much needed first step in allowing housing associations to begin to retrofit homes. 26 housing associations have formed part of a collaboration led by Pobl and Sero to retrofit over 1,700 homes. Working together allows the sector and industry to better develop the digital tools required to enable the decarbonisation of homes across Wales, and to also build the skills and training that is needed to deliver the works. The Optimised Retrofit Programme has also taught us that a 'data first' principle is essential in ensuring that retrofit improvements work. It will be vital to ensure that whole house surveys are undertaken on homes before any other action, and this can take time.

Challenges: Although the Optimised Retrofit Programme is a much needed pilot to allow the sector to develop effective decarbonisation tools, it only focuses on what investment is required, it does not answer the question of how that investment is to be paid for. Both sides of that equation are vital to offer the longer-term certainty that housing associations and the industry must have to confidently embark on a longer term decarbonisation programme.

Challenges: Given that the Optimised Retrofit Programme is intended, as the Minister stated in 2020, *'not to upgrade all homes to zero carbon this year but to learn how to upgrade homes well, at an optimised cost'*, it is a shame that the sector has still not been able to learn from the work that has already taken place. CHC would like to see the Welsh Government and its partners share the vital learning from the Programme in a timely manner on a regular basis. The aim of the programme is also to set the standard for retrofit schemes such as the Welsh Quality Housing Standard which is currently being developed by the Welsh Government. We need to be confident that sufficient learning has been derived from the Optimised Retrofit Programme in order to inform such an important standard.

What we need: Lessons from the Optimised Retrofit Programme to be shared with the housing sector and industry in a timely manner.

3. A coordinated approach to building the skills we need with the accompanying investment

Opportunities: CHC's [Home Manifesto](#) demonstrates that investing in energy efficient homes will provide a local economic boost. Retrofitting half of housing associations homes in Wales, over

the next term of government, would support over 12,000 jobs, 3,000 training opportunities and create £2.5bn in economic output.

The Future Generations Commissioner's [Homes Fit for the Future](#) report demonstrates that a Welsh housing decarbonisation programme would create £19.32bn in additional GDP, £3.54bn of net tax benefit and 26,500 new jobs in Wales by 2030, helping to offset the economic impact and job losses of the recent pandemic. The programme would also save £8.3bn in energy bills and create £4.4bn in health and environmental benefits by 2040 helping to put more money back into local economies across Wales and reducing the strain on health and social care services, particularly during the winter

Challenges: Construction Industry Training Board (CITB) [modelling](#) suggests that an additional 12,000 full-time equivalent workers will be needed in Wales by 2028 to primarily deliver improvements to existing buildings to reduce energy demand. The construction industry however is facing large and persistent skills gaps and skill shortages, which will make meeting decarbonisation targets challenging. [JPPR](#) also states that there is a gap between the number of skilled workers required to build the infrastructure, and those already in the workforce, and states a need to transform the values and attitudes of all people and firms in the sector so that they are 'habituated to greening'.

Challenges: The Future Generations Commissioners' Homes Fit for the Future estimates that £5.5bn investment will be needed into the decarbonisation of social homes in Wales.

What we need:

- **To better understand what skills are currently available in Wales to undertake the retrofit of social homes to decarbonisation standards. This will allow us to determine what skills will be needed to decarbonise at scale.**
 - **Flexibility and pragmatism in the roll out of decarbonisation will be essential so that housing associations can work with SMEs to ensure a smooth implementation and a consistent pipeline.**
 - **Government investment to ensure jobs can be created.**
4. **Support and time to ensure that the retrofit of existing stock is carried out with full and proper tenant engagement.**

Opportunities: Retrofitting homes to high energy efficiency standards can make homes warmer, more affordable to run, and are more environmentally-friendly. This has never been more important as we are experiencing both a climate and energy crisis, where energy bills have sky-rocketed and many more householders have plummeted into fuel poverty.

We helped establish a tenant engagement Community of Practice which we co-chair with Cynnal Cymru. This involves housing associations and other partners such as TPAS Cymru, Welsh Government and Sero sharing experiences of tenant engagement on decarbonisation. The group now has over 40 members and is a much needed, valuable space where attendees can learn from each other, prototype new approaches and hear from external speakers with experiences of tenant engagement.

Challenges: Each tenant will have differing needs and different personal interests meaning they will need to be engaged with in a tailored way. Although there are many benefits to retrofitting homes, the process can mean huge disruptions for tenants which can be off-putting. The Active Building Centre undertook research which has explored people's experiences of the retrofit process under the Optimised Retrofit Programme. It was reported that:

- Tenant engagement materials were found to be too technical and were aimed at a university level reading age. Two RSL's however did have material written in an accessible way at an appropriate reading level. These were Cadwyn and Newydd Housing.
- Some tenants were unaware that their homes were having low carbon technology fitted
- A general lack of understanding of the technologies being fitted
- An issue raised by professionals was that some tenants were not using the systems properly
- There was uncertainty about who to speak to about problems

What we need: The Optimised Retrofit Programme to prioritise tenant engagement so that appropriate and effective engagement tools and techniques can be shared with the sector. WHQS2 will also need to consider the tenant engagement challenge.

For more information, please contact bethan-proctor@chcymru.org.uk

Pwyllgor Newid Hinsawdd, yr Amgylchedd a Seilwaith / Climate Change,
Environment and Infrastructure Committee

[Datgarboneiddio tai / Decarbonisation of housing](#)

DH04

Ymateb gan Cymdeithas Genedlaethol Landlordiaid Preswyl (NRLA)

Evidence from National Residential Landlords Association (NRLA)

Inquiry on decarbonisation of housing in Wales

28 April 2022

About the NRLA

1. The National Residential Landlord Association (NRLA) thanks the committee for the opportunity to comment on the delivery of decarbonisation of housing in Wales.
2. The National Residential Landlords Association is the UK's largest membership organisation for private residential landlords, supporting and representing over 95,000 members. The association was created from the merger of the RLA and NLA in April 2020. NRLA members range from full-time landlords running property portfolios to those letting single bedroom flats.
3. We help our members navigate these challenges and proudly offer some of the most comprehensive learning resources and market-leading intelligence available in the sector. We seek a fair legal and regulatory environment for both landlord and tenant and actively lobby the Government on behalf of our members.

Background to decarbonisation and the private rented sector

4. The private rented sector is a diverse tenure with a variety of housing types and people living in the properties. The housing in Wales is amongst the oldest in the United Kingdom. Private rented sector properties incorporate all the housing archetypes and ages of properties, but has a higher proportion of the oldest properties (pre-1919 build) than the social sector and owner-occupation.
5. The challenge of decarbonisation in the private rented sector is that it is not one or a handful of organisations, but thousands of small businesses each with a different approach and plan. While the overall target is the same (zero carbon), the route that each landlord and property will take will be different as will the timings.
6. This requires a solution that is suitable for specific types of housing, rather than 'one-size-fits-all'. We support a fabric first approach to retrofitting housing, followed by addressing heating and then renewables. Reducing the overall thermal needs of a property will reduce the size of engine required to heat it. This will also reduce bills due to the lower amount of energy required to heat the property.

7. The private rented sector is governed by Minimum Energy Efficiency Standards (MEES) from Westminster. A consultation on changes to these regulations closed in January 2021.
8. The UK Government consulted on two different proposed targets: an Energy Efficiency Rating (EER) of C or an Environmental Impact Rating (EIR) – which reflects carbon emissions – of C. This decision will determine which of two different avenues landlords go down.
9. The move to an EIR would see a dash for electrification of heating. While this would reduce the impact of carbon, it would have a detrimental impact on heating costs and increase fuel poverty.
10. The maintenance of an energy efficiency rating would see a direction of travel that would put an emphasis on the fabric approach first but would also support a gas heating system. The implications of the two approaches will have an impact on wider policies including fuel poverty. It could also create conflict between the tenures on direction of travel.
11. We have concerns around the possibility of conflicting directions of travel from the UK Government and the Welsh Government, in addition to local authorities' individual green objectives, and the potential for confusion amongst landlords. Mixed messaging and conflicting targets could lead to a negative impact on end users. A clear message for the decarbonisation of housing is required.
12. With the overall aim being decarbonisation, there is a question over the process and the role of an energy performance certificate (EPC) as the metric to chart progress, given its focus on energy efficiency rather than carbon use. The NRLA are supportive of a move to Building Renovation Passports, to help owners access useful information to retrofit their homes. These would provide accurate information about the measures already installed helping landlords identify what further works can be made to properties. This would ensure properties are correctly rated, with a clear trajectory for improvement, and would benefit tenants in understanding their home. If there is to be a change, there needs to be adequate time for the transition and a cohesive approach across tenures.

Local solutions

13. The MEES targets set by the UK Government will push landlords to deliver the solutions that will meet these requirements once the regulations come into force. While property archetypes do repeat across Wales, each house is different as over time, owners may have chosen to undertake a range of works.
14. There is an important role for local government in facilitating this. The development of a network of trusted traders and approved local contractors who can deliver works is essential. To maximise efficiencies and reduce costs, multi-property projects such as the installation of external wall insulation across a local area would also be desirable. We would like to see a clear outline of the role that local authorities can play in supporting property owners to identify the works needed as well as identification of the opportunities for enveloping to speed up retrofit.

15. Many landlords have their own preferred tradesmen and supply chain. We acknowledge the support through training and upskilling of the workforce that is required to ensure the right mix of skills in the local workforce. Further support will be required around scaling up the workforce, sharing best practice and the order that works are undertaken so that a “no regrets” policy is followed. This means that property owners can continue to build on upgrades over time, rather than needing to remove these in order to reach future efficiency or carbon targets.

The future planned

16. The future of any area in relation to energy will need to be communicated clearly to all stakeholders and residents. For example, the future development of a district heating network by a local authority or third party needs to be understood by those that are expected to be the consumers.
17. We would like to see spatial planning for heat networks by local authorities to prepare consumers to plug into the system at some future point. A clear trajectory for energy development in local areas would help landlords and other property owners plan for the future so that they can make appropriate investments taking into account the local plan.

Housing survey

18. The NRLA believes and supports the delivery of a housing survey of all housing in Wales. This would allow for the establishment of a baseline and an understanding of what action needs to be taken. This would feed into local and national planning. It could also create building logs or passports for each property, giving owners and tenants more information about the property and the journey that the property will go on in progressing to net zero carbon.
19. The development of a housing survey would also allow the Welsh government to know and understand the scale of the challenge that exists. This would allow for planning to create the framework that is required in delivering improvements across all housing stock. Without a starting point, policy to deliver future interventions would be based on anecdotal evidence.
20. It would also allow for the development of the supply chain, by producing real data on the scale of retrofit needed, and therefore the skills required within the workforce. This would help identify opportunities for upskilling the existing workforce, and also what pipeline is required to further develop skills for the future.
21. Any survey should be across all tenures, helping to identify the action needed and facilitate cross-tenure works; for example, external wall insulation on a whole street approach will deliver best value. In addition, properties change tenure and a partial picture will easily date.
22. We believe that the Welsh Government should undertake this during the sixth Senedd.

Optimised retrofit (ORP 3 and 4)

23. The Welsh Government is pursuing an Optimised RetroFit Programme (ORP), currently focused on registered social landlords and local authorities. The NRLA, and its predecessor organisations, have welcomed the opportunity to participate in the working group considering the ORP since it was established, including how to address privately-owned homes.
24. The private rented sector should be included in the delivery of ORP 3 and 4. Solutions need to take into account all housing tenures. Many in the private rented sector will be doing works to improve the housing incrementally similar to the owner-occupier sector, and funding of these works continues to be a question mark.
25. An understanding of how to align works at a street and community level will also be needed so that solutions can be identified and delivered. ORP 3 and 4 should then take into account the housing survey results, as outlined in paragraphs 17-21.

Funding

26. There is an issue around those properties that are unable to finance the changes required. While many in the private rented sector can find finance, there are many other landlords who will struggle due to the costs of works as a proportion of property values. Funding for area-based solutions needs to be addressed. Failure to do so will reduce the housing stock available to rent and live in, adding to the cost-of-living crisis.
27. There is a role for the Welsh Development Bank to support funding of those areas where finance is not available. There also needs to be funding put in place for community-based projects, which will cover multiple properties from different tenures and in different financial positions. Local authorities will need support in resources to deliver such projects and to coordinate the many different actors involved.



Pwyllgor Newid Hinsawdd, yr Amgylchedd a Seilwaith / Climate Change, Environment and Infrastructure Committee

[Datgarboneiddio tai](#) / [Decarbonisation of housing](#)

DH03

Ymateb gan Sefydliad Tai Siartredig Cymru

Evidence from Chartered Institute of Housing (CIH) Cymru

Decarbonisation of housing in Wales

CIH Cymru inquiry response

This is a response to the Climate Change, Environment and Infrastructure Committee as it undertakes its inquiry into 'Decarbonisation of housing in Wales'.

1. Introduction

- 1.1 We strongly welcome the focus of this inquiry given that the decarbonisation of housing is at the core of our members work in Wales. Existing homes are and should rightly continue to be a central priority for the Welsh Government given that we have already built 80 per cent of the homes that we will still be using come 2050.¹
- 1.2 The availability, quality and cost of housing in Wales has received a huge boost in attention over the course of the Covid-19 pandemic. The striking increase in energy costs is one area where the pressing need to ensure homes perform as efficiently as possible, reducing the financial burden on households whilst in tandem addressing their impact on the environment is overwhelmingly apparent.

2. The financial challenge

- 2.1 In 'Homes fit for the future, the retrofit challenge', the Future Generations Commissioner for Wales estimated investment of £14.75bn over the next decade (£5.5bn to social housing, £4.8bn for homes in fuel poverty and £4.4bn for the owner-occupied, private rented sector) to meet our net zero ambitions.

¹ <https://www.ukgbc.org/news/ukgbc-responds-to-ccc-housing-report/> (Accessed



- 2.2 In their 2019 report 'Homes of Today for Tomorrow' a team from the Welsh School of Architecture have modelled a number of scenarios that set out the practical challenges ahead. The capital costs for improving homes to EPC rating A fall within these ranges -
- Good practice narrative £17k to £32k
 - Best practice narrative £33.5k to £63.3k
 - Heritage narrative £10.8k to £25.5k
 - Rural narrative £39.4k to £66.8k
- 2.3 These are substantial capital costs that at present would be prohibitive to many landlords and homeowners who may seek to achieve a greater level of efficiency for their home, lowering their environmental impact.
- 2.4 The report goes on to highlight that achievement of the rating is also reliant on other factors being progressed, reflecting that the ability to progress meaningfully in this area is reliant on other major infrastructure transformation, including significant improvements to clean energy supply (with national grid supplying 60% at the middle level and 80% clean energy if most transformative changes undertaken).
- 2.5 Without progress in other areas of infrastructure there are significant risks that moving towards cleaner energy could increase bills for some households despite homes in practice having a greatly diminished environmental impact.
- 2.6 First and foremost, the Welsh Government will need to look at its own long-term budgetary powers in making further sizeable commitments in this area. The report by the Future Generations Commissioner suggests that £1.7bn of the investment covering that 10-year period will need to come from the Welsh Government with the remaining investment stemming from the UK Government and private finance.
- 2.7 Outside of government grant, local authorities and housing associations will look at their borrowing capacity to explore how much additional borrowing they are able to facilitate, balancing this with the overall business risks involved. Additional borrowing capacity would depend heavily on the nature of loan covenants organisations have with existing lenders and their ability to justify additional bank debt given that, particularly for smaller social housing providers this could seem relatively expensive without a clear revenue or capital gain.



- 2.8 Social housing providers are already engaged in plugging the gap in finances through exploring financial products aimed at climate conscious activity, such as green bonds or investment with environment, social and governance (ESG) conditions, but for the majority of our members this remains a major area of challenge/risk.
- 2.9 In terms of social housing the next iteration of the Welsh Housing Quality Standard will be a key driver for organisations engaged in improving existing social housing and we strongly welcome the commitment from the Welsh Government to link elements of the standard more explicitly to activity around decarbonisation. We are disappointed however that the standard will not be operational until 2023 particularly given the significance that organisations rightly place on its detail linked to their financial planning and the subsequent need to ensure that investment in the sector is sufficient to support compliance.
- 2.10 There are a number of additional levers that we believe are worthy of further exploration:
- Value for money and economies of scale achieved through growing green industry serving the sector
 - Exploring how the Welsh Government could use its own buying power to bring down the cost of components and support supply chain capacity
 - The exploration of reducing VAT to 5% on products and components used to decarbonise existing homes (although we recognise that this is not directly within the competence of Welsh Government) as recommended in 'Financing Wales' Housing Decarbonisation'
 - Explore with urgency how Financial Transactions Capital could be utilised to provide low-cost borrowing to the sector as per the recommendation made by the Senedd's Finance Committee in 2019 during its inquiry into the Welsh Government's capital funding sources.

3. Decarbonising homes in the private rented sector

- 3.1 Private landlords are already operating in a challenging environment where pressures on their business may act as barriers to having a long-term focus on matters such as energy efficiency and reducing fuel poverty. With the proposed Minimum Energy Efficiency Standards (MEES) there is a clear



baseline landlords will have to work towards. But there is a risk that given the costs that achieving MEES could entail, landlords become unwilling to invest additional finance in improving a property beyond this - which at present would represent achievement of EPC C rating.

- 3.2 Add to that private landlords will be required to operate within a much more comprehensive building safety regime, which despite being a policy change we strongly agree with, will place significant financial and operational stresses on landlords. Landlords will also need to continue to act as a vital source of housing to prevent homelessness in the face of limited social housing supply and could be the subject of further regulation as the Welsh Government considers how rent controls could help make the market accessible to people on lower incomes. All of these either planned or proposed policy changes have an impact on the business models landlords operate within. Although we do not predict a mass exodus from the market, it is clear that if you are a small landlord with highly leveraged mortgages, your ability to carry business risk, offset costs and invest heavily linked to this work is greatly curtailed by any policy that could impact your overall income stream. Great care will be needed to balance how these areas of policy impact the ability and appetite of private landlords to action major improvements to their homes.
- 3.3 To compel landlords to continue on that journey of improvement a number of factors need to be considered as part of, or in directly linking to the next iteration of the Warm Homes Programme and the Welsh Government's broader plans to support change in this part of the sector:
- Financial support: The substantial costs involved in improving the efficiency of a home are likely to be prohibitive to some landlords. Financial support will need to be tailored to reflect the variety of business models private landlords operate under.
 - Consumer advice and confidence: The consumer environment for new, sustainable forms of providing clean energy into homes can be confusing and be reliant on an individual having some expertise. For private landlords there is need for greater government support to understand the products available, demystify the technology and build a greater knowledge base amongst landlords of the overall benefits of investing in improvements. Within this there should also be greater links



between the Welsh Government's Optimised Retrofit Programme and work to support private landlords.

- Local authority engagement: As primary points of engagement with a local private landlord population, local authorities have an important role to play in providing information, having a dialogue about local issues and sign-posting to sources of support. Whilst many local authorities operate private landlord forums, not all do and the level of engagement where these exist can be variable and heavily reliant on the staff resource available to facilitate it.

4. Understanding the skills challenge

4.1 In a recent roundtable held with our members focussing on skills required to achieve net zero within the housing sector a number of pertinent points were raised that add value in the context of decarbonisation of existing homes:

- Although the PAS2035² standard is a very welcome progression in the framework that underpins retrofit activity we recognise that for some of our members the burden placed by the framework on significantly increasing the number of roles linked to retrofit activity (coordinator, designer, adviser etc.) all of which wouldn't be realistic in the current climate.
- There is a clear need to work directly with existing contractors who may well be enthusiastic about upskilling or retraining their own staff to service new intelligent heating systems (for example) - but that the enthusiasm could be tempered by the level of existing work that any one contractor is already committed to given that, for those involved in large-scale frameworks their workload spans months/years.
- Competition for skills in the market is considerable - for smaller organisations there is likely to be an increasing challenge where the offer around benefit/pay is likely to make attracting professionals harder - a pattern that some have already seen with other types of technical skills, such as surveyors. Linked to this one attendee highlighted the challenge of retaining staff who may

² PAS 2035 is a specification for what is called 'whole-house' or 'whole building' retrofit. PAS 2035 is concerned with assessing domestic dwellings for energy retrofit. This involves identifying areas where improvements can be made and specifying and designing the relevant improvement measures. It is also concerned with the monitoring of domestic retrofit projects.



have undergone a significant amount of training and who may move on to other opportunities given the draw of private practise.

- A stubborn challenge is that of providing contractors with any form of certainty over what skills would be needed by when. Although an organisation could evidence the need for a programme of work, there needs to be clear and reliable funding in place to deliver so that the demand is there for contractors to actively train new staff and develop expertise. At present the certainty over the scale needed and when would be timely for the skills to exist is far too vague.

4.2 Our 'Back Housing/Cefnogi Tai' manifesto in the run-up to the Senedd election called for a workforce strategy for the housing sector to underpin the effort to (amongst other things) establish more granular data on the skills base and understand where and how further progress can be made. We still believe a strategy of this kind is sorely needed but welcome the Welsh Government's commitment to publishing a Net Zero skills strategy in the coming months.

5. Operational pressures

- 5.1 Through our Tyfu Tai Cymru project we undertook research to explore the extent of the supply chain pressures being reported by some of our members across four main areas - building new homes, fire safety, retrofitting and day to day maintenance.
- 5.2 Focussing on retrofitting activity those who responded to our survey highlighted that access to external expertise and supply chain capacity (limiting or slowing the availability of materials and products were the two biggest barriers to progressing their retrofitting activity. Aside from this, financial (specifically inflationary) constraints and broader budgetary pressures were felt to limit the ability of organisations to invest in large-scale activity.
- 5.3 Other issues, despite featuring less prominently included tenant concerns, concerns over using unfamiliar products, internal expertise/knowledge and procurement arrangements. The array of factors that influence how organisations plan to improve their homes present in this area of our research demonstrates how reliant success is on a wide range of factors i.e



the impact of even vast investment would be reliant on access to skills, being able to procure locally, being able to achieve economies of scale etc.

6. Engaging tenant and communities in the decarbonisation agenda

- 6.1 Although the technical aspect of decarbonising housing is an important subject area, our members are equally heavily focused on utilising tenant and community expertise and developing their approaches to enhance understanding of different measures, their necessity and their impact in practice for tenants.
- 6.2 The communication imperative is brought into sharp contrast if we for example consider the work of one of our members in undertaking thermographic surveying; an activity which can only be done at night meaning individuals walking around estates throughout the night which risks prompting calls from concerned residents. Or the need to install Smart Meters to control and aid evaluation of new intelligent energy systems. Or the installation and use of air source heat pumps that require a whole new way of using the heating system within a home which for many of us would be alien to the traditional systems we've become accustomed to.
- 6.3 Whilst we recognise the work already underway through the Optimised Retrofit Programme focussing on communication as its main theme, we're minded those approaches to engaging and involving tenants will need to remain a core part of the approach.

About CIH

The Chartered Institute of Housing (CIH) is the independent voice for housing and the home of professional standards. Our goal is simple - to provide housing professionals and their organisations with the advice, support, and knowledge they need to be brilliant. CIH is a registered charity and not-for-profit organisation. This means that the money we make is put back into the organisation and funds the activities we carry out to support the housing sector. We have a diverse membership of people who work in both the public and private sectors, in 20 countries on five continents across the world. Further information is available at: www.cih.org.

Contact: matthew.kennedy@cih.org (policy and public affairs manager)

April 2022

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**Climate Change, Environment,
and Infrastructure Committee**

Julie James MS
Minister for Climate Change

14 March 2022

Dear Minister,

Decarbonisation of housing

In setting its priorities for the Sixth Senedd, the Committee agreed to undertake a multi-phase inquiry on decarbonisation of housing in Wales.

The first phase of the inquiry will begin in the summer term when the Committee will hold an evidence session with stakeholders. This first phase is intended to enable the Committee to assess progress made to date before determining the areas it would like to investigate in detail as part of a longer-term programme of work.

In order to help inform the first phase of the inquiry, we should be grateful if you would:

- provide an update on progress made by the Welsh Government in taking forward each of the recommendations made by the Decarbonisation of Homes in Wales Advisory Group in its report, **Better Homes, Better Wales, Better World**, and
- share with the Committee the Welsh Government's response to the Future Generation Commissioner's report, **Homes fit for the future: The Retrofit Challenge**.

We would also be pleased to receive any other information and/or updates that you think may be useful to inform our work.

I should be grateful for a response no later than **Friday 8 April 2022**.

Regards,



Llyr Gruffydd MS,
Chair, Climate Change, Environment and Infrastructure Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.

Julie James AS/MS
Y Gweinidog Newid Hinsawdd
Minister for Climate Change



Llywodraeth Cymru
Welsh Government

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7 April 2022

Dear Llyr

Thank you for your invitation to update the Climate Change, Environment & Infrastructure Committee (CCEI) on the vital work underway to reduce carbon emissions from Welsh homes.

Background & Context

Decarbonising Wales' 1.4 million homes is complex, challenging but essential if our climate change ambitions are to be delivered. A mission made more demanding by the sense of 'Zeitenwende' or the turning of an age that feels upon us. Two years of the pandemic has fundamentally changed the way many people live, work, and feel about their homes. The post pandemic economic 'bounce' has seen the return of increasing inflation and has reversed many of the gains made over the last decade in alleviating fuel poverty. The war in the Ukraine has had a sudden and far reaching impact on energy markets and households across the world.

The pace of change in the decarbonisation arena continues to increase, with efforts now not solely focused on reducing operational carbon (carbon generated when operating a home) but whole life carbon (the carbon generated when constructing and refurbishing homes).

Thus, while the *'Better Homes, Better Wales, Better World'* report articulated some clear ambitions and a high level direction of travel when it was published in July 2019, much has changed since it was written, and our programme of work has had to be resilient in the face of those changes. This update demonstrates the progress made in delivering the report's recommendations, considers the position set out in the Future Generation Commissioners report, and provides an insight into other Welsh Government led activities to decarbonise housing in Wales against the backdrop of a dynamic, fast paced, changing world.

I am pleased to provide the following information in order to support the first phase on the inquiry.

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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.

Provide an update on progress made by the Welsh Government in taking forward each of the recommendations made by the Decarbonisation of Homes in Wales Advisory Group in its report, *Better Homes, Better Wales, Better World*.

The independent report 'Better Homes, Better Wales, Better World – Decarbonising existing homes in Wales' was published in July 2019. Welsh Ministers accepted in principle 7 strategic commitments, comprising 24 actions. Of the 24 actions, 9 have been delivered, 12 are progressing and 3 have not been actioned yet, although preliminary groundwork has begun. Decarbonisation is a long term activity with some recommendations spanning a decade or more. Hence, there are a number of recommendations making progress but not yet concluded. Annex A provides details of current progress against each action

Headlines

1. The report recommends at least £100m of investment be made available to kick start the decarbonisation of housing in Wales. The Optimised Retrofit Programme (ORP) has been established in response. Ministers have already committed £70m of funding to social landlords to learn how to effectively and efficiently decarbonise homes. A further £150m has been made available to continue ORP during this term of government, taking total residential decarbonisation investment since 2020 to around £220m.
2. ORP provides 'gap' funding to bridge the gap between how much private funding social landlords can afford to invest in order to decarbonise a home, and the actual costs. The investment aims to pump prime markets in the early years of moving to Net Zero Carbon, upskill and increase competency in assessors and installers, whilst growing indigenous Welsh supply chain capacity to allow local businesses to fully benefit from the 'green building revolution'.
3. ORP has funded the successful establishment of two Dynamic Purchasing Systems (DPSs). These procurement frameworks - one for skills and one for low carbon materials – have been deliberately set up to support the systemic change to decarbonise sectors of the economy. The frameworks allow Welsh SMEs and microbusinesses to benefit from significant local ORP investment. The aim is to generate prosperity within communities and retain investment value within Wales.
4. Channelling ORP investment through social landlords supports a 'testing and learning' approach to decarbonising homes. As well as evaluating the technical and tenant aspects of the work, actual costs will be monitored and used in the assumptions of future funding models of residential decarbonisation. This approach will provide the springboard to rapidly start the decarbonising of homes in other tenures by 2023.
5. Decarbonisation efforts are starting in social housing, before moving into other tenures because this is where Welsh Ministers have the most levers. Report recommendations relating to the private rented sector and owner occupiers are therefore less advanced than for social homes because of this strategic prioritisation.

6. The Optimised Retrofit Programme reflects a strategic commitment to decarbonise in a way that is good for people and the planet. In practice, this means assessing each home to decide the works required to ensure the property reaches Net Zero Carbon. The next step is then agreeing a schedule of works for the property, setting out when the works will be undertaken. This home by home approach will allow Welsh Government to collect data about the status and condition of social housing stock to inform future decisions, and measure progress towards housing decarbonisation targets.
7. The Welsh Development Quality Requirement 2021, Creating Beautiful Homes and Spaces (WDQR2021) became extant on 1st October 2021. The standard determines the quality of new-build affordable homes in Wales funded by Welsh Government. This UK leading social homes standard requires EPCA -SAP 92 in response to the report recommendations, bans the use of fossil fuelled heating and hot water, and is expected to be expanded to apply to market homes by 2025. This is as per recommendation from the 2019 Independent Affordable Housing Review. This standard eliminates the requirement to retrofit homes built to the WDQR2021 standard in future.
8. The revised Welsh Quality Housing Standard (WHQS) sets the standard for existing social homes in Wales. Due for consultation in May 2022, the standard will deliver a long term retrofit programme (10 years or more) for social housing. Proposals are likely to include EPCA (SAP 92), and carbon reduction measures to deliver Net Zero Carbon in line with 'Net Zero Wales' commitments. It is expected WHQS will be expanded into other tenures over time.
9. The Welsh Government is making maximum use of communities, networks, and third sector organisations in helping to decarbonise homes. The new WHQS and WDQR2021 standards involved significant co-creation with a range of stakeholders. For example, the WHQS task and finish group includes Public Health Wales, Tai Pawb (third sector organisation focused on equalities), TPAS (the tenants' representative body) and the Future Generations Commissioner's (FGC) office amongst others.
10. Welsh Ministers have also invested £990,000 over three years to fund a Net Zero Carbon 'Hwb' to provide support to social landlords seeking advice and guidance on approaches to decarbonise their housing stock. Access to the latest research and thinking, information regarding material choices and procurement support will also be available. The Hwb will begin operating in 2022/2023 on a 'for good' basis for social landlords, before being rapidly expanded to support private landlords and homeowners seeking to reduce the carbon footprint of their home.

Share with the Committee the Welsh Government's response to the Future Generation Commissioner's report, Homes Fit for the Future: The Retrofit Challenge

11. The Welsh Government did not make a formal response to the FGC's report Homes Fit for the Future; The Retrofit Challenge. The FGC's report focussed on estimating the total funding needed for the decarbonisation of homes in Wales, identify funding gaps and suggesting approaches to addressing these gaps. The report provides a useful addition to thinking on this highly complex issue.

12. Welsh Government is working together with the social housing sector and others to develop the new WHQS standard for retrofitting social homes. The revised standard will address fuel poverty and climate change, as set out in the Future Generation Commissioners Report, and is key to developing a fair and sustainable funding model for the future.
13. The 'Homes fit for the Future' report underlines the importance of Government funding of decarbonising retrofit of homes. However, whilst Government has an important role to play in setting direction and supporting organisations financially in the early years of residential decarbonisation, the costs will need to be born in partnership with, business, organisations and individuals. Future funding models will need to reflect this position.
14. Welsh Government has begun evaluating a variety of options for financing retrofit in the owner-occupied and private rented sectors. These incorporate both grant funding and repayable finance. The financial capacity of the end-user will be utilised to help direct them to the most appropriate financing solution in the medium term.
15. Some of the models for financing that are being considered include Property Assessed Clean Energy, in which the loan is linked to the property rather than individual, low interest loans, equity release loans and green mortgages. A grant mechanism may also be needed for lower income households.
16. Decarbonising and improving the energy efficiency of homes in Wales across all tenures, and how we might fund this, is highly complex. Welsh Government continues to work with partners to explore approaches. Specifically we have recently begun work with the Development Bank of Wales looking at funding options for the owner occupied sectors.
17. The independent Decarbonisation Implementation Group (Chair Chris Jofeh authored the 'Better Homes, Better Wales, Better' World report) provides expert guidance to Welsh Government regarding housing decarbonisation. The group is tasked with developing a potential 'offer' or product targeted at owner occupiers and the group due to report back to officials shortly.
18. While the report provided some suggested priorities for the Welsh Government, a number of areas within the report were acknowledged as being dependent on wider work with the UK government. For example, Welsh Government is committed to responding to the UK Government's Minimum Energy Efficiency Standard (MEES) consultation scheduled for spring 2023. However, this is not a devolved matter so Ministers must work with UK government to shape and influence the approach. It would not be appropriate for us to pre-empt the outcome of this consultation into energy efficiency standards in the Private Rented Sector. Hence the prioritisation of social sector, before turning our decarbonisation efforts to other tenures.
19. The Future Generations Commissioner's report sets out the interconnected challenge of decarbonising homes whilst tackling fuel poverty. Officials are working to ensure coherence across these policy areas. The creation of the new Group structure with a

new Director General for climate change reflects the key priorities of this government and the determination for alignment of these areas. New arrangements come in to being on 1st April 2022.

I look forward to sharing with you in more detail our progress decarbonising housing in Wales in future sessions of the Committee.

Yours sincerely



Julie James AS/MS
Y Gweinidog Newid Hinsawdd
Minister for Climate Change



Llywodraeth Cymru
Welsh Government

Annex A

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Recommendation	Supporting Actions	Update
<p><u>Strategic Commitment</u></p> <p>1. Political parties in Wales should make a strategic commitment to national residential decarbonisation and stick to it</p>	<p>Action 1.1 – The Welsh Government should publicly commit now to pursuing a 30-year residential decarbonisation programme</p>	<p>Delivered. The Net Zero Wales chapter on residential decarbonisation sets out long term national strategic commitments to achieve 2050 climate change targets.</p>
	<p>Action 1.2 – All political parties at the national and local level should make a clear commitment to supporting the achievement of the targets in Recommendation 2.</p>	<p>Delivered - Co-operation agreement programme commitment ‘15’ references expectations around Net Zero Carbon delivery of infrastructure, which includes housing.</p>
	<p>Action 1.3 – No later than 2025, all new homes in Wales must be built to be low carbon, energy and water efficient and climate resilient. Independent checks must be made to ensure these higher standards are delivered. This will prevent the challenge to retrofit homes becoming larger and more expensive. All homes built with public sector funding should meet these standards no later than 2021.</p>	<p>Delivered. On 1st October 2021, WMs published Welsh Development Quality Requirements (WDQR2021) containing these requirements.</p> <p>The standard contains and expectation that all homes built with public sector funding should meet these standards no later than 2025. This is later than the recommended 2021, but allows alignment with Building Regulations Part L requirements due in 2025 which are on a regular review cycle. 2025 was also the recommendation from the 2019 Independent Affordable Housing Review.</p>

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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.

Recommendation	Supporting Actions	Update
	<p>Action 1.4 – The Welsh Government should urgently start developing the recommendations and actions in this report into an ambitious programme of action which is ready for implementation in 2021. This must be underpinned by behaviour change principles and a communications plan reflecting them.</p>	<p>Delivered. The Optimised Retrofit programme was established 2020, one year ahead of schedule.</p> <p>£100k of behaviour change activity funded as part of ORP together with significant communication and engagement activity via a specialist agency and landlords own resources to work with tenants. Examples of content are shared below;</p>
<p><u>Set Ambitious Targets</u> 2. The Welsh Government should set ambitious housing targets to meet its ambition of achieving net zero carbon by 2050</p>	<p>Action 2.1 – By 2050 the housing stock must be retrofitted to beyond SAP90 to achieve an EPC Band A rating, recognising that not all homes will be able to achieve this.</p>	<p>Progressing – the proposed new Welsh Quality Housing Standard (WHQS) is likely to require social housing to meet EPC A –SAP 92 within a decade. A highly ambitious standard, as the current energy efficiency rating in the standard is EPC D –SAP65. Not all homes can meet the standard right now, but over time, with decarbonisation of the grid, technology improvements and reduced costs in later years of the programme, it is anticipated the majority will be able to meet the standard.</p> <p>The learning and capacity to deliver similar in other tenures is more challenging. The energy efficiency measure will be determined by UK government (energy is not a devolved matter) and until this is known in 2023, future financial models of support cannot be developed.</p>
	<p>Action 2.2 – Lobby the UK government to support and encourage the further decarbonisation of the energy supply grids because Wales will not achieve the carbon reduction target without it.</p>	<p>Progressing. Grid decarbonisation in Wales has progressed faster than originally anticipated which has made setting EPCA as a standard bold, yet achievable for social homes. Work is ongoing with UK Government and specifically BEIS to ensure they understand Welsh needs and reflect these in their decisions on how to decarbonise the Grids.</p>

Recommendation	Supporting Actions	Update
	<p>Action 2.3 – The Welsh Government should urgently commence a 10-year programme to prioritise the retrofit of certain homes.</p> <p>(a) The Welsh Government should set a target of EPC Band A for homes in social ownership and homes in fuel poverty.</p> <p>(b) The Welsh Government should incentivise early adopters to retrofit homes to a target of EPC Band A.</p>	<p>Delivered – Welsh Quality Housing Standard is likely to propose EPCA SAP 92 for existing social homes ahead of formal consultation in May 2022. This will be a programme of 10 years or longer to decarbonise social homes. Many of these households will be in fuel poverty. The Warm homes programme for other tenures is out to formal consultation currently. The response may need to adapt in response to the cost of living increases and demand greater energy efficiency to reduce bills.</p> <p>ORP rewards early movers to retrofit homes to EPCA – ORP is time limited programme for this term of government, so landlords innovating and driving forward in this space have access to generous funding to start their decarbonisation journey.</p>
<p><u>Ensure Quality and Delivery across Tenures</u></p> <p>3. The Welsh Government should put in place the right support and delivery mechanisms across all tenures to help achieve the targets</p>	<p>Action 3.1 – The Welsh Government should fund the creation of and publicly promote a “Home Log book” for every home to guide energy efficiency decisions and investments.</p>	<p>Delivered. The Optimised Retrofit is WG strategic approach to decarbonising homes. The programme is the delivery vehicle and requires each home to have a Whole House Assessment, delivered in accordance with PAS2035 – the best practice standard in conducting assessments. The assessment creates a log book of what works are required to the home to decarbonise it. It is expected this approach will be rolled out across tenures.</p>
	<p>Action 3.2 – The Welsh Government should work with stakeholders and other interested organisations to create and fund an independent quality assurance regime that is appropriate for single homes as well as multi-property projects.</p>	<p>Progressing. It is early stages of ORP and the evaluation and monitoring of the work is underway – focusing on the impact of the works undertaken to decarbonise the home and the tenant lived experience. This will form the basis of what works, and once best practice is established, an appropriate quality assurance regime will be considered, if required.</p>

Recommendation	Supporting Actions	Update
	<p>Action 3.3 – Ensure the new quality regime is appropriate and accessible to SMEs in Wales as well as larger firms and that all have access to the skills and training they need to take advantage of a 30 year retrofit programme.</p>	<p>Progressing. ORP has funded the successfully established two Dynamic Purchasing System (DPSs). These procurement frameworks - one for skills and one for low carbon materials have been deliberately set up to support the systemic change needed to decarbonise sectors of the economy. The frameworks allow Welsh SME and microbusinesses to benefit from significant local ORP investment. The aim is to generate prosperity within communities and retain investment value within Wales.</p> <p>Housing officials are also working closely with colleagues in SHELL team, regional skills partnerships and Constructing Excellence Wales to develop a skilled, competent green workforce – known as the ‘decarb army’. The pace of the activity is not moving as quickly as hoped.</p>
	<p>Action 3.4 – Encourage and support businesses in Wales to deliver projects that will result in the best community benefits.</p>	<p>Progressing. All ORP 2 funded retrofit schemes must demonstrate social value the investment brings to the community locality. This could be jobs and training opportunities, enhancements to biodiversity, or wealth generation by using local supply chains.</p>
	<p>Action 3.5 – Encourage and support social landlords to extend their residential upgrade activities beyond their own portfolios to help deliver improvements to homes owned by their occupiers and by private sector landlords.</p>	<p>No action yet. Housing decarbonisation is focused on social housing as this is where Government has most ability to set direction and influence. Learning from this sector will allow rapid expansion into other tenures, when people have learnt the most efficient and effective ways to decarbonise homes. Energy is not a devolved matter. When UK Government’s position is clearer on private rented home energy standards, then WG will look to progress this action.</p>
<p>Incentivising and Supporting Action 4. The Welsh Government, working with others, should develop a holistic package of support across all tenures to motivate and facilitate action</p>	<p>Action 4.1 – The Welsh Government must urgently undertake detailed modelling of the costs associated with the targets set out in Recommendation 2. This will inform priority early action according to tenure, archetype and geography and specifically to verify the 10-year targets.</p>	<p>Progressing. The Future Generation Commissioners report published July 2021 has provided useful additional thinking in this space. Financial modelling has been undertaken in tandem with social landlords to begin developing a financial offer for the sector. Factors modelled include age of stock, archetype and location. Once the new WHQS is finalised, financial models can move from theoretical models to real life funding products.</p>
	<p>Action 4.2 – Continue the WHQS for social landlords and the £108m per year funding associated with it, on the basis</p>	<p>Delivered. The new WHQS standard proposals include Part 3 which sets out decarbonisation standards social landlords are expected to deliver in return for £108m dowry and MRA funding.</p>

Recommendation	Supporting Actions	Update
	that they deliver against the stretching targets set out in Recommendation 2.	
	Action 4.3 – Provide guidance and support to social landlords to enable them to meet the challenging new targets in Recommendation 2.	Progressing. The revised WHQS standard is clear and concise. However, to ensure interpretation and expectations are consistent, guidance including case studies and examples have been produced to support landlords and tenants.
	Action 4.4 – Find a financial solution for traditional RSLs who do not currently receive WHQS resources to enable them to meet the stretching targets described in Recommendation 2.	Progressing. OPR 3 running in 2022 to 2023 is likely to test a funding model that includes financial support for traditional RSLs. Testing this approach in the next financial year will shape the future funding for decarbonisation.
	Action 4.5 – Ensure existing public sector funding programmes that support the improvement of homes are amended to align with the outcomes and targets recommended in this report.	Progressing. Welsh government funded housing must meet WDQR2021 or WHQS. Land division has now adopted housing standards for WG sites under development and disposal to ensure consistency across WG public funded schemes. The technical team sit on site meeting steering groups to ensure this is so. Further, Regeneration division is seeking similar alignment of decarbonisation standards for town centre re-development. The standards are new and evolving and harmonisation of standards is a key plank of housing policy going forward.
	Action 4.6 – Make resources available to fund the development of Home Log books, detailed in Recommendation 3, and the funding of uptake by homeowners.	Progressing. OPR fund whole house assessments to generate a log book/passport setting out the works required to the property. The concept of keeping the assessment and subsequent record of works is the next iteration. For social landlord, their asset management systems retain this information to help plan future repairs and maintenance. The challenge lies in other tenures.
	Action 4.7 - The process for homeowners applying for financial support should be as straightforward as possible, and be linked to the need for a Home Log book described in Recommendation 3.	Not actioned yet. Home-owner proposition preliminary work is underway but not mature enough to deliver this recommendation yet.
	Action 4.8 – Urgently create financial support mechanisms to enable owner-occupiers and private landlords who wish to improve the energy efficiency of their properties. Press the UK Government for financial support.	No actioned yet. Groundwork has begun with talks with Development Bank commencing and the Independent Decarbonisation Implementation Group (DIG) tasked with coming up with solutions for owners, which could be rolled out to private landlords.

Recommendation	Supporting Actions	Update
	Action 4.9 – Longer term and/or more innovative non-financial solutions need to be quickly identified, piloted, field-trialled and, if successful, rolled out.	Delivered. ORP was established to test and learn how to decarbonise homes, and the impact of field trials and pilots will be shared more widely as quickly as possible. This is to allow housing professionals across tenures to understand how to decarbonise homes.
<u>Data and Knowledge</u> 5. The Welsh Government should collect data about the status and condition of the housing stock to inform future decisions and measure progress towards targets	Action 5.1 – All relevant information, including energy consumption data from before and after retrofit activities, should be used to inform the measurement of progress, policy development and investment. The data collection process will need to inform the Low Carbon Delivery Plan.	Progressing. Data protocols have been put in place to allow energy consumption data collected by landlords to be shared with WG in order to monitor progress of ORP funded schemes. Baseline winter consumption data is being collected and IES systems which collect this data are mandatory condition of ORP grant. The data will inform many aspects of WG Net Zero Wales delivery.
<u>Test and Rollout</u> 6. The Welsh Government should continue to monitor and test new solutions to decarbonise homes	Action 6.1 – Establish a fund of at least £100 million to continue until 2030 to pay for the development of small and large-scale testing of innovative solutions, not limited to technical issues, which will help to decarbonise Welsh homes. The Welsh Government’s successful Innovative Housing Programme (IHP) provides a model for this.	Delivered. The Optimised Retrofit Programme (ORP) has been established in response to this recommendation. Ministers have already committed £70m of funding to social landlords to learn how to effectively and efficiently decarbonise homes. A further £150m has been made available to continue ORP during this term of government, taking total residential decarbonisation investment since 2020 to around £220m.
<u>The Importance of Communities</u>	Action 7.1 - Encourage and support community involvement in the development and delivery of a new programme.	Progressing. The new WHQS standard has included the perspectives of over 1,000 welsh tenants, and several sessions have been run in partnership with TPAS to ensure the standard reflects the views of tenants. Elements of this model of engagement may be replicated when developing a programme of decarbonisation for residents of other tenures. We are clear – WHQS is a tenant focused standard. ORP also involves significant community involvement activity, largely driven through landlord’s engagement mechanisms. Lack of resident receptiveness to decarb measures to their home is a major risk to

Recommendation	Supporting Actions	Update
<p>7. The Welsh Government and its partners should make maximum use of communities, networks, associations and Third Sector organisations in helping to decarbonise homes</p>		<p>programmes – no access to homes, no decarbonisation works. Supplementing landlords work, ORP has funded resident focus group, developed guidance videos and packs, as well as standardised materials for landlords to deploy.</p> <p>Examples of ORP communication can be viewed on the ORP you tube channel – click on link below.</p> <p>(28) Optimised Retrofit - YouTube</p> <p>Revised WHQS and WDQR2021 standards involved significant co-creation with a range of stakeholders. For example, the WHQS task and finish group includes Public Health Wales, Tai Pawb (third sector organisation focused on equalities), TPAS the tenants representative body and the Future Generation Commissioners office amongst others.</p>

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**Climate Change, Environment,
and Infrastructure Committee**

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John Griffiths MS
Chair, Local Government and Housing Committee

18 March 2022

Dear John,

The Climate Change, Environment and Infrastructure Committee has agreed to undertake an initial piece of work on the decarbonisation of housing.

This work will take place on 28 April when the Committee expects to hear from several panels of expert witnesses.

Should you or any other member of the Local Government and Housing Committee wish to attend the meeting, you are welcome to contact the Committee Clerking team who will make the necessary arrangements.

I have asked officials to keep the Clerk of the Local Government and Housing Committee updated on the progress of this work.

Yours sincerely,



Llyr Gruffydd MS,
Chair, Climate Change, Environment and Infrastructure Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg.
We welcome correspondence in Welsh or English.

Llyr Gruffydd MS,
Chair,
Climate Change, Environment and Infrastructure Committee

1 April 2022

Annwyl Llyr,

Thank you for your letter regarding your Committee's work on the decarbonisation of housing, and inviting us to attend your meeting on 28 April.

As 28 April is a reserve meeting slot for us, we are hoping to undertake a visit in relation to our upcoming work on the provision of sites for Gypsies, Roma and Travellers. Unfortunately, we will therefore be unable to attend your meeting.

Decarbonisation of housing is of interest to Committee Members, and I am grateful for your suggestion of keeping the Committee's clerking team informed of your progress.

Yours sincerely



John Griffiths MS

Chair

Croesewir gohebiaeth yn Gymraeg neu Saesneg.
We welcome correspondence in Welsh or English.

Agenda Item 6.3

Julie James AS/MS
Y Gweinidog Newid Hinsawdd
Minister for Climate Change



Chair, Climate Change, Environment, and Infrastructure Committee
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Llywodraeth Cymru
Welsh Government

4 April 2022

Dear Mr Llyr Gruffydd MS,

Thank you for the Climate Change, Environment and Infrastructure Committee report on the Welsh Government's Marine Policies published on 22nd February 2022.

I would like to thank members of the Committee for their recent focus on the marine environment, and its vital role in tackling both the climate and nature emergencies.

Please find attached to this letter our detailed response to the Committee's recommendations.

Yours sincerely



Julie James AS/MS
Y Gweinidog Newid Hinsawdd
Minister for Climate Change

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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.

Annex 1.

Written Response by the Welsh Government to the report of the Climate Change, Environment and Infrastructure Committee entitled Report on the Welsh Government marine policies.

Recommendation 1

The Committee recommends that

The Welsh Government should commission an external analysis of the Wales National Marine Plan to inform its own review later in 2022.

Response: Agree in principle

Welsh Government will this year report on the effectiveness of the Welsh National Marine Plan. We have collaborated with stakeholders to develop the plan monitoring framework and indicators against which to assess progress to ensure the report will be based upon objective analysis of the available evidence. Given the recent introduction of the marine plan we anticipate limited evidence being available to inform a thorough assessment of progress. We agree in principle with the approach suggested in this recommendation and will commission an external analysis to inform the next statutory report.

Financial Implications – None

Recommendation 2

The Committee recommends that

The Welsh Government should ensure that stakeholder engagement is a central part of its review of the Wales National Marine Plan.

Response: Accept

Welsh Government is keen to ensure stakeholder engagement is a central part of the reporting process. We have collaborated with stakeholders to develop the plan monitoring framework and monitoring indicators, and have undertaken a public survey of plan effectiveness. We intend to repeat the public survey this year in advance of reporting, and will work through the Marine Planning Stakeholder Reference Group to discuss progress and next steps for marine planning as part of the reporting requirement.

Financial Implications – None

Recommendation 3

The Committee recommends that

The Welsh Government should report back to the Committee in 6-months on the progress of implementing the recommendations in the renewable energy deep dive.

Response: Accept

The deep dive recommendations contained short, medium and long-term goals and the Welsh Government agreed, through the deep dive process, to reconvene the deep dive group every two months so that Welsh Government could provide updates on progress against each of the recommendations. At the first meeting, held at the end of February,

the group was happy with the progress made against the recommendations. Working groups to help drive progress have been and are being established.

Financial Implications – None

Recommendation 4

The Committee recommends that

The Welsh Government should set out its plans, including timescales, for the devolution of the management of the Crown Estate and its assets in.

Response: Accept

It was agreed in January 2022 that a meeting with the Crown Estate to discuss their operations in Wales, and consideration for a technical paper to be produced looking at the implications of devolution, would be arranged. Once this task has been completed we will be able to finalise our plans for the Crown Estate.

Financial Implications – None

Recommendation 5

The Committee recommends that

The Welsh Government should update the Marine Energy Plan to reflect its ambitions and intentions in this policy area.

Response: Accept in principle

The Welsh Government will review the Marine Energy Plan for Wales to consider whether and how it needs up-dating to reflect the latest position.

Financial Implications – None.

Recommendation 6

The Committee recommends that

The Welsh Government should provide an update to the Committee on the tidal lagoon challenge.

Response: Accept.

The Welsh Government will provide an update to the Committee on the tidal lagoon challenge as the project develops.

Financial Implications – None

Recommendation 7

The Committee recommends that

The Welsh Government should set out how its end-to-end review of the consenting process will be open and transparent and how stakeholders will be provided with an opportunity to contribute.

Response: Accept

Welsh Government is commissioning an independent contractor to undertake an end to end review of marine licensing to ensure it is open and transparent. It is critical that stakeholders have the opportunity to input to the review and this will be an integral part of the process. Stakeholder views are welcome on any aspect of marine licensing delivery, and ways to input these will be agreed with the contractor once in place.

Financial Implications – None. £300,000 has already been allocated for the review from the 2022-23 budget.

Recommendation 8

The Committee recommends that

The Welsh Government should provide further information, including a timeline, for delegating offshore advisory powers from the Joint Nature Conservation Committee (JNCC) to NRW. The Welsh Government must ensure that NRW is adequately resourced to deliver these additional responsibilities.

Response: Accept in principle

Discussions have been held and are on-going between JNCC and NRW, and with WG officials in both Marine and Energy Policy branches. The initial focus is a review of a selection of options that would deliver this recommendation, supported by details from Scotland and England where this change has previously happened, information on the forecast of marine renewables work in Welsh waters and an assessment of necessary resources. These options will be used to agree a preferred option, which will then be scoped out to provide a delivery plan including timelines. Resourcing will be considered as part of the scoping process.

Financial Implications – None.

Recommendation 9

The Committee recommends that

The Welsh Government should set out how it will deliver on the commitment in the renewable energy deep-dive to identifying priority marine and terrestrial evidence gaps and mechanisms to fill them. This should include information on how such work will be funded.

Response: Accept

Welsh Government have been in discussions with NRW and identified the gaps around marine evidence, which largely relates to evidence on interaction between a technology and the environment. We have agreed that NRW will provide a timeline for identifying and filling existing evidence gaps for energy projects on shore through the deep dive process. However, this will be an evolving picture as new technologies are developed and become commercialised.

We will continue to implement a spatial approach to marine planning, working with NRW to understand ecological constraints and opportunities. In addition, we will map socio-economic spatial considerations and identify spatial evidence gaps and mechanisms to

fill them as part of marine planning. We will publish a report on addressing strategic baseline evidence gaps for renewable energy technologies, and a series of information notes that will identify topic specific evidence gaps in relation to developing tidal stream energy technologies.

Financial Implications – None

Recommendation 10

The Committee recommends that

The Welsh Government should set out how developers can make a greater contribution to the evidence base that underpins marine planning. It should set out how it will remove barriers to ensure that data can be shared while respecting commercial confidentiality.

Response: Accept

Marine planning is an evidence based process and developers can make an important contribution towards our understanding of the marine environment and future marine planning. The Welsh Marine National Plan encourages the sharing of evidence and encourages sectors to collaborate to understand opportunities for sustainable development by addressing key evidence gaps.

It is important that we maximise learning from developments that are progressed, ensuring new data can feed back into future decision making including the accuracy of predicted effects and how this can inform future assessments.

Welsh Government is considering how any barriers to data sharing can best be addressed. We are a part of the UK Productive Seas Evidence Group which has actively considered this matter. We are also supportive of The Crown Estate Marine Data Exchange initiative which makes available data from the marine renewables and aggregates industry.

We agree that this matter merits further action and will set out in the next revision of the Welsh Government Marine Evidence Strategy how we can work with industry to take this forwards.

Financial Implications – none at this stage.

Recommendation 11

The Committee recommends that

The Welsh Government should provide an update on the Welsh Marine Evidence Strategy 2019-22, including any assessment that has been undertaken of its effectiveness, and whether the Strategy will be reviewed or amended in the light of the commitment in the renewable energy deep-dive.

Response: Accept

Welsh Government Officials would be happy to provide a mid-term update on delivery of the Welsh Marine Evidence Strategy, whilst acknowledging that the evidence needs identified are not for Welsh Government to deliver alone. The strategy aimed to set the direction and areas of evidence needs required over this six-year period.

Welsh Government have reviewed the need to update the Welsh Marine Evidence Strategy 2019-2025 document in light of emerging evidence needs. Officials are content that the overarching strategic evidence priorities still represent the high-level evidence needs including those identified by the deep dive.

Progress in delivering the Welsh Marine Evidence Strategy is being monitored through the Welsh Marine Evidence Strategy Panel. Completion of marine, fisheries and aquaculture evidence projects led or contributed to by Welsh Government is also being captured in three internal two-year Evidence Plans, which are reviewed annually and formally evaluated at the end of each plans conclusion.

Financial Implications – None.

Recommendation 12

The Committee recommends that

The Welsh Government should bring forward a strategy for Marine Protected Areas. It should focus on the need to take both local and network-scale approaches and to deliver the conservation objectives of individual MPAs, where applicable.

Response: Accept in Principle.

I agree with the principles the committee have set out in the recommendation, and I am committed to both local and network scale approaches. At this stage I am not considering a standalone strategy, but rather ensuring the current strategic approach set out in the MPA Network Management Framework is built on and incorporated into our future long term strategies and plans for resilient ecological networks. This includes the Nature Networks Programme and UK Marine Strategy.

Our MPA Network Management Framework sets out a clear strategic approach through effective management principles for enhancing the resilience of our MPA network and ensuring features maintain or move towards a favourable condition. A number of successful actions have been delivered through the framework and future actions are now supported by the MPA Network Management grant scheme. The committee will be aware the Framework is due for renewal in 2023. Welsh Government will be working closely with stakeholders to review the framework and ensure this can continue being an effective strategic platform for managing our MPA network.

Further, I am committed to delivering our MPA network completion programme and I will shortly be setting out my ambitions for the MCZ designation process. Work has progressed significantly to prepare pre-consultation documentation which will support a stakeholder engagement exercise. I would welcome your views once launched and in the forthcoming consultation due to launch in 2023.

Financial Implications – None

Recommendation 13

The Committee recommends that

The Welsh Government should explain the lack of progress on the designation of MPAs and MCZs and set out a timetable for designation.

Response: Accept

I acknowledge the delay in delivering this work area which had been impacted by staff redeployment to support our Covid-19 and EU Exit response. However, significant progress has been made to develop all the pre-consultation documents which will enable Welsh Government to launch an engagement exercise with stakeholders. We expect this next phase of work to be launched in the coming months, in collaboration with the Marine Conservation Zone Task and Finish Group.

Financial Implications – None

Recommendation 14

The Committee recommends that

The Welsh Government should set out how the new approach NRW has developed for site condition assessments will be funded.

Response: Accept

I recognise the important role MPA condition assessments have informing our MPA management programme and ensuring achievement of favourable status for our protected features.

Welsh Government are exploring the Nature Networks Programme as a potential option for funding feature condition assessments for the Welsh MPA network. Other additional avenues for funding are continuing to be explored.

Financial Implications – None

Recommendation 15

The Committee recommends that

The Welsh Government should set out the latest discussions it has held about the implementation of risk-based marine monitoring programmes across the MPA network, as set out in the MPA 2020-21 Action Plan.

Response: Accept

Welsh Government remain committed to a UK wide monitoring programme based on the identified monitoring options to support the whole MPA network. Welsh Government are continuing discussions with the UK and Devolved Governments in how to deliver this.

Financial Implications – None

Recommendation 16

The Committee recommends that

The Welsh Government should set out its latest plans for the designation of highly protected marine areas.

Response: Accept

Following on from the MPA network completion programme, it is important we take the opportunity to revisit our sites and their successes. We aim to assess our network and whether the benefits, such as enhanced ecosystem resilience, and protections we seek are being realised. Welsh Government will undertake a holistic stocktake and revisit the levels of protection afforded to our sites and whether current management is proportionate and effective. The need, and appropriateness, for areas of higher protection should be considered as part of this process.

Financial Implications – None

Recommendation 17

The Committee recommends that

The Welsh Government should set out the purpose and timeline for the public consultation on dredging and bottom trawling in Welsh MPAs.

Response: Accept

The Welsh Government continues to work with Natural Resources Wales to undertake a structured evaluation of potential fishing gear interactions with features of Welsh Marine Protected Areas (MPAs) referred to as the Assessing Welsh Fishing Activities project. It is expected the last of the towed gear assessments will be completed in summer 2022, after which it is anticipated proposals for any necessary management measures will form part of a public consultation. The timescale for any consultation will be determined alongside other Welsh Government priorities at the time.

Financial Implications – None

Recommendation 18

The Committee recommends that

The Welsh Government should set out how it can support further blue carbon sequestration projects in Welsh waters.

Response: Accept

I recognise the important role blue carbon can potentially play in our journey to net zero. As one of the key benefits of resilient marine ecosystems, we will encourage the maintenance and enhancement of these habitats through our interventions, including the MPA Management Framework, the Nature Networks Programme, and the wider Programme for Government commitment for marine and coastal habitat restoration.

Financial Implications – None

Recommendation 19

The Committee recommends that

The Welsh Government should provide an update on the progress of the UK Blue Carbon Evidence Partnership. It should also provide further information on plans for a working group in relation to blue carbon in Wales.

Response: Accept

The UK Blue Carbon Evidence Partnership (UKBCEP) is close to establishment with the first meeting to be held in May.

The UKBCEP will facilitate co-ordination and collaboration across UK administrations and progress the evidence base on blue carbon habitats in the UK by addressing key research questions related to blue carbon policy. Year one tasks include mapping evidence needs against relevant policy needs, reflecting the differing policies in each Administration. This will highlight priority areas for further research and influence and inform research activities in Wales.

We are considering the establishment of a specific Welsh group, and are monitoring progress of both the NGO led UK Blue Carbon Forum and the UKBCEP to ensure we are clear on our ambitions for such a group.

Financial Implications – None

Recommendation 20

The Committee recommends that

The Welsh Government should set out its position on the development of a National Blue Carbon Recovery Plan for Wales. If it believes that progress in this policy area can be achieved in a better way, it should set out what that is.

Response: Accept in principle

Net Zero Wales sets out a proposal for developing our blue carbon policy area.

Protecting blue carbon habitats will require us to take an approach informed by robust evidence. We are working with NRW and the UK Blue Carbon Evidence Partnership to develop and deliver a shared blue carbon evidence plan, to include the impacts of human activity and climate change itself on blue carbon habitats and emissions.

Informed by this evidence, we will take action wherever necessary to protect blue carbon habitats spatially and by activity. The production of a blue carbon recovery plan could be considered at a later stage once the evidence base is further established.

Financial Implications – None

Julie James
Minister for Climate Change

Agenda Item 6.4

Julie James AS/MS
Y Gweinidog Newid Hinsawdd
Minister for Climate Change



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: DC/JJ/00298/22

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5 April 2022

Dear Llyr

Provisional Common Frameworks for Air Quality, and Chemicals and Pesticides

Thank you for your letter of 11 March requesting further information and/or clarification on a number of matters relating to provisional Common Frameworks for Air Quality, and Chemicals and Pesticides. Responses to the questions posed by the Committee are set out below.

General

1. Can you clarify the process for determining whether a proposed policy change would be in scope of the Frameworks?

Where one or more of the Welsh Government, UK Government, or the Scottish Government propose to change rules in a way that has policy or regulatory implications for the rest of the UK, or where rules in Northern Ireland change in alignment with the European Union (EU), the Framework provides the governance structures and consensus-based processes for considering and managing the impact of these changes. The Air Quality Framework sets out specific returning powers that are within scope.

2. Can you confirm whether changes to domestic policy and law that do not change relevant retained EU law will be in scope of the Frameworks? In particular, can you confirm whether the planned Clean Air (Wales) Bill will be in scope of the Air Quality Common Framework?

Domestic policies and law which do not change relevant retained EU law are not within scope of these Common Frameworks. If a policy development in Wales was thought to impact upon the other nations then it would, however, be discussed via the Framework and vice versa.

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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.

The provision within the Clean Air Bill which relates to setting air quality targets (including Particulate Matter) falls within the scope of the Air Quality Common Framework. However, the power to set targets is within the executive competence of the Welsh Ministers and within legislative competence of the Senedd.

3. Can you confirm that the Air Quality Framework will not in any way limit the provisions you would to include in the Clean Air (Wales) Bill?

The majority of air quality functions fall within the devolved competence of Welsh Ministers. The Framework as a whole acknowledges where executive functions are exercisable by Welsh Ministers and wholly respects the legislative competence of the Senedd. The Framework delineates where independent decision-making capabilities can be exercised in line with the statutory and executive freedom of each Government. For these reasons, the provisions contained within the Air Quality Common Framework will not have a limiting impact on the content of the Clean Air Bill.

4. Can you set out your understanding of the practical effects of these Frameworks on the exercise of devolved competence?

The Frameworks do not impinge upon the ability of Welsh Government to make separate policy or legislation for Wales. Divergence in policy or legislation in devolved areas will continue to be possible, and the Frameworks will provide a more formal route for early discussion of either joint or separate policy making. However, the dispute resolution mechanism can be utilised should a government consider another government's policy to be damaging e.g. not compliant with international standards or have significant deleterious impacts in other countries.

Stakeholder engagement

5. Can you provide a detailed explanation of how the views of stakeholders in Wales (who responded to the DEFRA consultation) have been taken into account in the development of the Frameworks? What involvement did the Welsh Government have in this process?

Much of the returned feedback from stakeholders on the Chemicals and Pesticides provisional Framework in the initial round of engagement was policy specific rather than framework related, therefore not relevant to the development of the framework. Officials from all four nations considered the framework specific comments and jointly prepared a response document in a question and answer format. This was issued in March 2021 to the 12 industry and NGO stakeholders who returned feedback on the intergovernmental working arrangements set out in the Framework. A further stakeholder engagement exercise was launched on 3 February 2022.

On 9 December 2020, the four Governments jointly invited a wide range of stakeholders from each nation to respond with comments/views on the provisional Air Quality Common Framework. Stakeholders in Wales included the WLGA, Local Authorities, Health Boards, third sector organisations (such as Healthy Air Cymru), NRW, the National Farmers' Union and PHW. The consultation remained open until the New Year but elicited only two responses, neither of which provided substantial feedback. A further stakeholder engagement exercise was launched in early February 2022.

6. A summary of stakeholders' responses to the DEFRA consultation has not been published. What is your position on this, and do you consider that publishing responses would help improve transparency?

We consider stakeholder responses as key to further improving the framework. Responses provided to the stakeholder engagement exercises were on a confidential basis. Any release of this date would be subject to four-government agreement and obtaining the consent of respondents.

7. The Frameworks provide for the governments to take joint approaches to developing law and policy. How you will ensure that this does not limit the role of the Senedd or stakeholders in Wales in shaping Welsh law and policy?

The Frameworks require each Government to consider how any changes in their part might impact on the other three parts of the UK, and where possible agree common approaches. The Frameworks accept a common approach may not always be suitable and therefore they do not change the ability of a Government to consider and respond to individual factors and priorities. This is a welcome and necessary step to ensure open dialogue between the four nations.

The Air Quality Common Framework, for example, acknowledges the statutory and executive freedom of each Government to take different decisions for their nations. There is acknowledgement that, for the areas in scope of this framework, differences in regulation across the UK (including between GB and NI) will mean that decisions will be taken in various contexts, such as: where those decisions relate solely to matters reserved/devolved (whichever the case may be) to each Government, such decisions will be made independently by each Government in accordance with the relevant constitutional law(s). Where those decisions concern matters of mutual interest, such decisions will be made jointly while respecting the legislative and executive freedoms where they exist of each of the Governments. In these ways, the role of the Senedd, including the relevant stakeholders in Wales, in shaping future policies and laws will be guaranteed and respected.

Review and amendment

8. You told the Committee that the Senedd and external partners will have an opportunity to engage with the review process for the Frameworks.

- **Is it the intention that all Parties will agree a common approach to Parliamentary engagement in the review process?**
- **How do you envisage this will work in practice?**
- **Why is this not reflected in the Frameworks?**

Discussions are currently underway to agree the process for the monitoring and governance of Common Frameworks following their finalisation. This includes development of a standard template for reporting to be used across all frameworks. This will be part of the recently published [Intergovernmental Relations Review](#) and involve the new Inter-ministerial Standing Committee (IMSC) with Ministers from the four nations.

Stakeholders will continue to be consulted on developments in policy in the usual way. The Welsh Government commits to notifying stakeholders of the upcoming review points of Common Frameworks and of any recommendations by the Senedd.

Dispute resolution

9. Can you clarify at what stage and how you will inform the Committee/the Senedd of disputes under the Frameworks?

The post-finalisation reporting mechanism being devised for the frameworks includes the reporting of any disputes raised under a framework.

UK Internal Market Act

10. You said that the Frameworks would not be impacted by the UK Internal Market Act and went on to suggest that they “override” the Act. Can you provide further explanation of this?

The presence of a Common Framework will not override the UKIMA, however the full effect of the UKIMA will not apply to certain goods specified in Schedule 1 to that Act. The Schedule describes (among other things) the cases where chemicals and pesticides are exempt, meaning the market access principles in the UKIMA will not apply in those circumstances. The presence of an exclusion already listed takes elements of this policy area out of the scope of the UKIMA.

Regulatory standards and Review of Retained EU Law (REUL)

11. Can you confirm if the Welsh Government intends to keep pace with EU standards on chemicals and air quality?

In relation to air quality, our policy is to maintain and, where possible, exceed EU standards. This is evidenced by our work relating to setting air quality targets, including for Particulate Matter, which will take full account of the recently published WHO Air Quality Guidelines and the latest scientific evidence.

On chemicals, the Welsh Government’s aim is for UK REACH to come to provide as high a level of protection for human health and the environment in Wales as EU REACH did when we were a member state, as quickly as possible. Similarly for pesticides, the UK Government and devolved governments are committed to ensuring that existing environmental and human health standards are maintained.

12. How do you respond to the suggestion that the UK has not kept pace with new EU REACH regulations, and that the speed of regulation under UK REACH is slower?

The EU REACH Regulation was drafted to work for a territory the size of the European Economic Area. The resources available to authorities under EU REACH for proposing regulatory controls on chemicals are the combined resources of the European Chemicals Agency and all EU Member States.

UK REACH came into effect in Great Britain in 2021, as a consequence of the European Union (Withdrawal) Act. The amending powers under that Act were limited and prohibited policy changes. Therefore, when UK REACH was created as a standalone system, the governments of the UK could only make those amendments necessary to make the EU Regulation legally coherent in a GB-only context. These limited amendments did not make adjustments for scale of the market to which it would now apply or scale of GB public sector resources.

The Welsh Government is determined that UK REACH should meet its core aim of providing a high level of protection of human health and the environment in Wales, just as EU REACH did. However, it will take time to make the legislation we inherited fully fit for purpose in a GB context.

The Environment Act 2021 contains amending powers designed to help make a chemicals regime originally designed for the European Union function effectively at the scale of Great

Britain. All parties to the Common Framework are continuing discussions on how best to utilise those powers to make UK REACH work better.

13. The EU is in the process of revising REACH as part of its new Chemicals Strategy for Sustainability. What plans does the Welsh Government and/or the four nations have to do the same?

We are working with the other administrations under the Common Framework to prioritise improvements to UK REACH, focusing first on areas most in need of attention in a GB context following EU Exit.

14. How do you respond to concerns that regulatory standards in the UK are likely to be lower than in the EU, at least in the early phases of the UK REACH programme? What are the implications of this?

During EU Exit negotiations, the Welsh Government called for continued UK membership of the European Chemicals Agency and dynamic alignment with EU REACH, but this position was not supported by the UK Government. We have inherited a system that requires authorities in Great Britain to follow processes designed for the EU to reach regulatory decisions in Great Britain, with only a fraction of the EU's resources to take that work forward. We are working with the other administrations to seek improvements to the legislation we inherited, with the aim of making those processes more efficient in GB going forward. In some instances, this may involve applying information coming out of EU REACH in a different way for a GB context.

Until then, the UK's limited regulatory resources are being focused quite rightly on reaching conclusions for those chemicals that are considered to pose the greatest risks in Great Britain.

15. You said that any proposals for deregulation in England arising from the UK Government's Review of Retained EU Law would be discussed through the Frameworks. You suggested that the Frameworks offer protection from the UK Government imposing deregulation in Wales (or the other devolved nations). Can you provide further explanation of this?

We are still at an early stage of the Review of Retained EU Law (REUL). The process of potential divergence and clarification is being sought. The UK Government has clearly stated that it is committed in the REUL process to the '*proper use of Common Frameworks and will not seek to make changes to retained EU law within Common Frameworks without following the ministerially agreed processes in each framework*'.

International obligations

16. You said that the Welsh Government has asked for a seat at some international groups. Can you provide a list of these groups to aid the Committee's understanding of the potential opportunities afforded to the Welsh Government by the Frameworks?

The Frameworks are not intended as tools to influence international policy. However, we expect Common Frameworks policy teams will assert Welsh interests in these areas through the Frameworks groups. The development of Frameworks has increased the scope for interaction between the relevant policy teams of the four Governments.

In relation to the UK-EU Trade and Cooperation Agreement, we understand that where a UK-EU meeting agenda includes an item concerning implementation in an area of devolved competence, then UK Government should facilitate devolved government attendance of a

similar level to that of the UK Government representatives with final discretion as to the UK delegation a matter for the UK co-chair. We also understand that UK Government should engage the devolved governments as fully as possible in preparation for these meetings (such as meetings of the Specialised Committees) regardless of attendance, and on all relevant implementation matters.

In relation to air quality, Defra will continue to represent the UK at meetings of the United Nations Economic Commission for Europe (UNECE) Convention on Long Range Transboundary Air Pollution, including meetings of the Kiev Protocol on Pollutant Release and Transfer Registers under the UNECE Aarhus Convention. All Governments will be fully involved in the formulation of UK policy in this area and will work collaboratively, seeking to agree a UK position in accordance with the Devolution Memorandum of Understanding between the Governments; the International Relations Concordat; and the wider outcomes of the Intergovernmental Review of Relations.

Similar arrangements exist for UK representation at meetings relating to the Stockholm Convention on persistent organic pollutants and the Minamata Convention on mercury.

For pesticides an International Working Group has been set up which meets regularly to consider the relevance of international developments regarding the regulation of pesticides and to recommend appropriate responses. This includes consideration and discussion of EU regulatory developments and policies, work plans and technical guidance developed by the Organisation for Economic Co-operation and Development, European and Mediterranean Plant Protection Organisation and Codex Alimentarius Commission and other relevant international bodies.

I hope you find this information helpful.

Yours sincerely



Julie James AS/MS
Y Gweinidog Newid Hinsawdd
Minister for Climate Change

Agenda Item 6.5

Lesley Griffiths AS/MS

Y Gweinidog Materion Gwledig a Gogledd Cymru, a'r Trefnydd
Minister for Rural Affairs and North Wales, and Trefnydd



Llywodraeth Cymru
Welsh Government

Huw Irranca-Davies MS

Chair

Legislation, Justice and Constitution Committee

Huw.Irranca-Davies@senedd.wales

28 March 2022

Dear Huw,

In accordance with the inter-institutional relations agreement I wish to notify you that a further meeting of the Inter-Ministerial Group for Environment, Food and Rural Affairs was held on 21 March.

The meeting was attended by George Eustice MP (Chair), Secretary of State for Environment, Food and Rural Affairs, UK Government; Victoria Prentis MP, Minister of State, Defra, UK Government; Mairi Gougeon MSP, Cabinet Secretary for Rural Affairs and the Islands, Scottish Government; Lorna Slater MSP (Chair), Minister for Green Skills, Circular Economy, and Biodiversity, Scottish Government; Edwin Poots MLA, Minister of Agriculture, Environment and Rural Affairs, Northern Ireland Executive; David TC Davies MP, Parliamentary Under Secretary of State for Wales and Connor Burns MP, Minister of State for Northern Ireland were also in attendance.

At the meeting we discussed the terrible situation in Ukraine and the impacts for the production costs of fertiliser, feed, and the processing of white fish. Pet travel and quarantine concerns were also raised.

The UK Government introduced their proposals for protected site designations outlined in their Nature Green Paper. They also provided an update on the publication and scrutiny of Common Frameworks.

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When discussing Border control preparations I pressed the UK Government for assurances devolved administrations would be consulted as soon as possible in the drafting of any necessary further legislation and in discussions around infrastructure funding.

The decision by the UK Government to grant an exclusion to the Internal Market Act for single use plastics was noted by all administrations. On behalf of the Minister for Climate Change I joined my Scottish Government colleagues in noting disappointment at the narrow nature of the exclusion.

There were a number of items of AOB including an update on the proposals for a Food Data and Transparency Partnership, discussions relating to the practice of using fish in fish feed for salmon in aquaculture, and Scottish Ministers raised concerns regarding Deposit Return Scheme tax issues. I also extended an invitation to members to the Royal Welsh Show in July.

A communique will be published on the UK Government website at <https://www.gov.uk/government/publications/communique-from-the-inter-ministerial-group-for-environment-food-and-rural-affairs>

I am copying this letter to the Climate Change, Environment, and Infrastructure Committee and to the Economy, Trade and Rural Affairs Committee.

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Lesley Griffiths AS/MS
Y Gweinidog Materion Gwledig a Gogledd Cymru, a'r Trefnydd
Minister for Rural Affairs and North Wales, and Trefnydd



Llywodraeth Cymru
Welsh Government

Regards,

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

Lesley Griffiths AS/MS
Y Gweinidog Materion Gwledig a Gogledd Cymru, a'r Trefnydd
Minister for Rural Affairs and North Wales, and Trefnydd

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17th March 2022

Llyr Gruffydd MS
Committee Chair
Climate Change, Environment, and Infrastructure Committee
Senedd, Cardiff

Dear Mr Gruffydd

I represent Salmon & Trout Conservation in Wales.

I am delighted to read the Report just published by your Committee into storm overflows in Wales. I believe that the Recommendations provide a sound basis upon which there can be significant progress in Wales.

If I may, I would like to raise two issues relating to Recommendations 2 and 3.

Recommendation 2 of the Committee report concludes that NRW must demonstrate progress to bring unpermitted storm overflows within the regulatory regime.

I have to confess this rather shocked me that, 30 years after privatisation of the water industry, such unpermitted storm overflows still existed.

To explain, at privatisation, it was realised by the then DoE in London that there were many storm or emergency discharges operated by the then state-owned water authorities' networks that did not have discharge consents (now called permits). To ensure that the companies were not 'floated' with unlawful discharges built-in, everything that was happening on day one of privatisation was granted what was called a temporary or 'deemed consent'. In essence, a consent with no conditions.

The idea was that these consents would all be reviewed over time and given proper conditioned consents, with conditions appropriate to the discharges being made, the receiving waters and treatment levels etc.

That review process took a painfully long time and, in essence, by 2007, had stalled completely.

It was only after pressure I brought to bear, while Head of Legal at Fish Legal, including threatening a judicial review of the failure of the Environment Agency (then still responsible for Wales) to apply proper conditions to these discharges, that, in April 2009 the Agency finally granted a large number of discharge consents for these mainly intermittent discharges. The Agency did so by a notice and schedule issued to each water company, covering discharges from combined sewer overflows (CSOs), emergency overflows from pumping stations, and storm tank discharges at some sewage treatment works. That included Dwr Cymru.

The new discharge consents, covered by these notices and schedules, replaced the temporary or deemed consents which had been granted at or shortly after privatisation.

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Legal services for the environment, conservation, fisheries and freedom of information.

In 2010, there followed a significant appeal by several water companies, in which the water companies were partially successful, against this imposition of standard permit conditions on all outstanding 'deemed' consents. These are the details of that appeal:

PINS References: APP/WQ/09/2704-8

Welsh PINS Reference: 515323

In the matter of the Water Resources Act 1991 and The Control of Pollution (Application, Appeals and Registers) Regulations 1996 and in the matter of Appeals made to the Planning Inspectorate under Section 91 and Regulation 8 thereof by Severn Trent Water Limited, Yorkshire Water Services Limited, Anglian Water Services Limited, Dwr Cymru Welsh Water, Thames Water Utilities Limited and United Utilities Water Plc against The Environment Agency's Final Determination of Discharge Consent applications for intermittent discharges submitted at or shortly after water industry privatisation, in replacement of temporary/ deemed consents

The appeal, which was in fact held in Cardiff, ended with agreed, but less onerous, standard conditions being applied to the previously temporary or deemed consents.

So how it is that there can remain unpermitted discharges in Wales is not clear to me.

In relation to **Recommendation 3**, on the publication of annual data or information or close-to-real-time data on sewage discharges, by both NRW and the water companies, I think the Committee needs to know that the Environmental Information Regulations 2004 apply to both NRW and water companies and, per Regulation 4, there is and has been a duty on both to proactively publish any environmental information they hold.

Regulation 4 reads:

Dissemination of environmental information

4.—(1) Subject to paragraph (3), a public authority shall in respect of environmental information that it holds—

(a) progressively make the information available to the public by electronic means which are easily accessible; and

(b) take reasonable steps to organize the information relevant to its functions with a view to the active and systematic dissemination to the public of the information.

This has been the law for approaching 20 years and, therefore, the position we now find ourselves in, where NRW and the water companies currently do not publish information as rapidly and as accessibly as they can and should, represents a failure of those two bodies to comply with the 2004 Regulations.

Regrettably, the UK Information Commissioner is not able to issue formal decisions relating to breaches of Regulation 4. Effectively, the Commissioner is limited by law to issuing decisions only in response to failures to respond lawfully to specific requests for information made by a member of the public.

Indeed, as an aside, as FOI law is firmly within those matters devolved to Wales, I would welcome a conversation with you as to how Wales might seek to establish its own Information Commissioner (perhaps as per the Scottish model). I think this is an area in which Wales might again show, as it did with the Well-being of Future Generations (Wales) Act 2015, significant leadership over the UK position. With another 'hat' on, I lecture part-time at the Cardiff University Law School and I know there would be interest at the School in developing proposals, if that were considered helpful.

Returning to rivers, I am very pleased to see that **Recommendation 10** of the Committee requires the Minister to report back to the Committee on the problem of pollution in Welsh rivers from sources other than storm overflows. Of course, that will be a fairly massive undertaking because that appears to incorporate the problems being caused across Wales by agriculture, including the 'thorny' issues of intensive chicken units and dairy units. Salmon & Trout Conservation would be very pleased to assist the Committee with information on the impacts such pollution causes.

I would like to thank you and the Committee again for the publication of the Report. Please do not hesitate to contact me if I can be of any further assistance.

Yours sincerely

Guy Linley-Adams
Solicitor

Agenda Item 6.7

Julie James AS/MS
Y Gweinidog Newid Hinsawdd
Minister for Climate Change



Llywodraeth Cymru
Welsh Government

Eich cyf/Your ref
Ein cyf/Our ref

24 March 2022

Dear Llyr Gruffydd MS,

I wrote to you in July 2021 regarding the development of legislation related to the UK Emissions Trading Scheme (UK ETS). The aim of the UK ETS is to incentivise decarbonisation in aid of meeting our greenhouse gas reduction target of net-zero emissions by 2050. To ensure the scheme remains fit for purpose the UK ETS Authority, comprising of the four Governments of the UK, is launching the “Develop UK ETS” consultation on 25 March 2022, which will run for 12 weeks.

The consultation aims to move the scheme towards becoming net-zero compliant while ensuring businesses remain internationally competitive. Additionally, it aims to prevent carbon leakage and identify areas of improvement throughout the scheme’s operation.

The consultation reflects our existing commitment to align the UK ETS cap to a net zero trajectory by January 2024, allowing industry notice to prepare for changes in the market. It includes a review of free allocations to ensure we protect businesses most exposed to carbon pricing. Additionally, there will be exploration of expanding the UK ETS to additional appropriate sectors within the first UK ETS review, with implementation no earlier than 2026.

I am writing to you to maintain transparency and keep you informed as the consultation progresses. I will be publishing a written statement tomorrow and a joint UK ETS Authority Government Response is expected in the autumn of 2022.

I am also sharing this update with the Economy Trade and Rural Affairs Committee and the Legislation, Justice and Constitution Committee.

Yours sincerely

Julie James AS/MS
Y Gweinidog Newid Hinsawdd
Minister for Climate Change

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Dawn Bowden AS/MS

**Dirprwy Weinidog y Celfyddydau a Chwaraeon, a'r Prif Chwip
Deputy Minister for Arts and Sport, and Chief Whip**



Llywodraeth Cymru
Welsh Government

Delyth Jewell MS

Chair

Culture, Communication, Welsh Language, Sport and International
Relations Committee

01 April 2022

Dear Delyth,

Thank you for your letter of 4 March 2022 regarding the review of the Memorandum of Understanding (MOU) between the UK Government, the Welsh Government, Senedd Cymru and Ofcom and for your confirmation that the Committee has no comment on the content of the MOU.

I note your view that regulators should be accountable to parliamentary institutions rather than government. We agree that parliamentary scrutiny is crucial to holding regulators to account and recognise the important role the Senedd plays in scrutinising the work of Ofcom. The commitments relating to a formal consultative role for the Senedd in the setting of Ofcom's strategic priorities in respect of its activities in Wales, on presentation of the Ofcom annual report and accounts to the Senedd and Ofcom reporting and appearing before the Senedd as set out in the MOU are important elements of this.

I am copying this letter to the Deputy Minister for Climate Change and the Chair of the Climate Change, Environment and Infrastructure Committee for information.

Yours sincerely,

Dawn Bowden AS/MS

**Dirprwy Weinidog y Celfyddydau a Chwaraeon, a'r Prif Chwip
Deputy Minister for Arts and Sport, and Chief Whip**

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Agenda Item 6.9

Senedd Cymru
Y Pwyllgor Cyllid

Welsh Parliament
Finance Committee

Chair, Children, Young People, and Education
Committee
Chair, Climate Change, Environment, and Infrastructure
Committee
Chair, Culture, Communications, Welsh Language,
Sport, and International Relations Committee
Chair, Economy, Trade, and Rural Affairs Committee
Chair, Equality and Social Justice Committee
Chair, Health and Social Care Committee
Chair, Legislation, Justice and Constitution Committee
Chair, Local Government and Housing Committee

11 April 2022

Dear Committee Chairs



Welsh Government Draft Budget 2023-24: Engagement

At our meeting on 25 March 2022, the Finance Committee (the Committee) considered its programme of engagement for the forthcoming Welsh Government's Draft Budget 2023-24, ahead of the Committee's Plenary debate on spending priorities, provisionally scheduled for 13 July. I am writing to Chairs of subject committees to share our thinking.



The Committee has agreed to undertake a number of engagement activities prior to the publication of the Draft Budget, in the autumn. These include, a stakeholder event, focus groups held with the general public, and working with the Youth Parliament.



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Stakeholder Event

Following the restrictions over the past two years, the Committee is delighted to be able to return to holding an in-person stakeholder event to hear directly from interested organisations/individuals on the expected draft budget proposals, as well as the Welsh Government's approach to setting the budget and prioritising resources.

Cross-Committee engagement with stakeholders on the budget is crucial to effective scrutiny and therefore I would like to invite Committee Chairs or a Member of your Committee to join the event which will take place on the morning of Wednesday 15 June at Llanhilleth Miners Institute, Abertillery, Blaenau Gwent. If Chairs or Members are interested in attending, please contact the clerking team seneddfinance@senedd.wales by 1 June 2022.

Focus groups with the Welsh public

On behalf of the Committee, the Senedd's Citizens Engagement Team will be holding a series of focus groups on the Draft Budget with the Welsh public. The team undertook a similar exercise last year and will facilitate focus sessions over the summer term, asking the same or similar questions posed last year. The aim of this work is to improve public understanding and engagement with the Welsh Budget process. In addition, over the longer-term we hope to form a longitudinal study to allow the Committee to monitor perspectives and attitudes over time. Participants will be sourced through similar partner organisations to cover the same demographics as last year, and groups will be organised to focus on particular policy areas.

The Citizens Engagement Team will circulate the dates of sessions to all Committees, should any Members wish to participate. This will allow an opportunity for Members to hear first-hand from the citizens of Wales where spending should be prioritised.

Youth Parliament

To further complement our engagement work, the Committee has agreed to work with the Youth Parliament. Members of the Youth Parliament will be invited to take part in their own focus group session before the summer. It is hoped this will allow the best opportunity for Youth Parliament Members to influence the Welsh Government spending priorities.

Finance Committee Plenary Debate on the Welsh Government spending priorities

As mentioned above, the Committee intends to hold a Plenary debate on Wednesday 13 July on the Welsh Government's spending priorities for 2023-24. The outcomes of our engagement work will inform and feed into this debate. We



believe this debate allows the best opportunity for Members to potentially influence the Welsh Government's spending priorities prior to the formulation of the Draft Budget in the autumn.

Approach to Budget scrutiny

I will shortly be writing to Chairs, with regard to the Committee's approach to budget scrutiny, including information on the consultation and timetable. Whilst the Finance Committee's core function is to undertake financial scrutiny of the Welsh Government and associated public bodies, financial scrutiny should be embedded into the scrutiny work undertaken by all Committees. Therefore, I would welcome suggestions from Chairs to explore ways of working collaboratively to ensure the most effective financial scrutiny of the Welsh Government.

If you have any questions about any aspect of the Draft Budget process, please feel free to contact me or the Clerk to the Finance Committee, Owain Roberts, 0300 200 6388, seneddfinance@senedd.wales.

Yours sincerely



Peredur Owen Griffiths MS
Chair of the Finance Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.



**Pwyllgor Newid Hinsawdd,
yr Amgylchedd a Seilwaith**

—
**Climate Change, Environment,
and Infrastructure Committee**

Julie James MS
Minister for Climate Change

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21 April 2022

Dear Minister,

You will be aware that one of the Committee's strategic priorities for the Sixth Senedd is 'protecting and enhancing the natural environment'. In order to inform our future work in this area, it would be helpful if you could provide a response to the questions set out below.

COP15

We are aware that the Fifteenth meeting of the Conference of the Parties (COP15) to the Convention on Biological Diversity (CBD) has been subject to further delay and is now likely to take place in August 2022.

1. Can you clarify whether and how the Welsh Government will be represented at COP15?
2. Can you outline the Welsh Government's ambitions for the post-2020 global biodiversity framework and how it is seeking to influence the outcome of COP15?

Deep dive on biodiversity and statutory biodiversity targets

You told us the Deep Dive on biodiversity "will be initiated after the February half term with a view to completing the in depth discussions in May". You also committed to sharing the Terms of Reference for the Deep Dive with us. The Terms of Reference have yet to be made available.

3. Can you provide an update on progress towards the Deep Dive, including membership of the group who will be taking this work forward?

You told us officials "have been working with other UK counterparts through the Four Countries Biodiversity Group and JNCC to develop a common set of principles".

4. Can you provide further details of this work, including the purpose of the common set of principles, and whether and how they will be used to inform statutory biodiversity targets and shape future policy?

Environmental principles and governance

We note you have produced guidance on the environmental principles to ensure they are incorporated into policy and decision making across Welsh Government.

5. Can you clarify whether the guidance is publicly available?

You told us officials have continued to work on the development of a permanent approach to environmental governance in Wales, and that the approach will be subject to further engagement with stakeholders.

6. Can you provide an indicative timeline for the consultation on proposals for permanent environmental governance arrangements?

Natural Resources Policy

The Environment (Wales) Act 2015 places a requirement on the Welsh Minister to review the national natural resources policy (currently the **Natural Resources Policy** (NRP)) after each general election.

7. Can you provide an update on progress towards reviewing the NRP, including an indicative timeline you are working towards for the publication of a revised NRP?

I should be grateful if you could respond to the above as soon as possible, and by 19 May at the latest.

Yours sincerely,



Llyr Gruffydd MS,
Chair, Climate Change, Environment and Infrastructure Committee



Chair, Children, Young People and Education Committee
Chair, Climate Change, Environment and Infrastructure Committee
Chair, Committee for the Scrutiny of the First Minister
Chair, Culture, Communications, Welsh Language, Sport, and
International Relations Committee
Chair, Economy, Trade and Rural Affairs Committee
Chair, Finance Committee
Chair, Health and Social Care Committee
Chair, Legislation, Justice and Constitution Committee
Chair, Local Government and Housing Committee

11 April 2022

Dear Chair,

Annual scrutiny of the Future Generations Commissioner: update report

The Equality and Social Justice Committee held its annual scrutiny session with the Future Generations Commissioner on 7 February 2022. Following the session, we agreed to publish a short report highlighting some of the key themes that arose during our scrutiny, which is available online.

We have set ourselves the objective of championing equality, social justice and the well-being of future generations across the Senedd, including its Committees. Our intention is to request a Plenary debate on the issues raised in our report, but in the meantime we would like to draw it to your attention as some of the issues raised warrant further consideration by Members in their scrutiny work.

Yours sincerely,



Jenny Rathbone
Chair, Equality and Social Justice Committee

Agenda Item 9

By virtue of paragraph(s) vi of Standing Order 17.42

Document is Restricted