



Llywodraeth Cymru
Welsh Government

Llyr Gruffydd MS

Chair, Climate Change, Environment and Infrastructure Committee

SeneddClimate@senedd.wales

11 August 2022

Dear Llyr,

Thank you for your letter of 28 June 2022 containing questions from the Climate Change, Environment and Infrastructure Committee following my attendance on 15 June 2022. Please find attached my response.

Yours sincerely,

A handwritten signature in blue ink that reads "Julie James". The signature is written in a cursive, flowing style.

Julie James AS/MS

Gweinidog Newid Hinsawdd
Minister for Climate Change

Minister for Climate Change attendance at CCEI Committee 15 June 2022 — additional questions

1. Could you share details of the roadmap with the Committee?

A route map for decarbonisation across the public sector, including Buildings, is published on the Welsh Government website at the link below:

[Net zero carbon status by 2030: A route map for decarbonisation across the Welsh public sector \(gov.wales\)](https://gov.wales/net-zero-carbon-status-by-2030-a-route-map-for-decarbonisation-across-the-welsh-public-sector).

2. Can you clarify whether the Welsh Government intends to move to a rolling programme of funding to support RSLs in delivering its ambition for the sector to decarbonise by 2033? If so, what timeline are you working towards?

Regarding the current funding for the Optimised Retrofit Programme (ORP) in the social housing sector we are discussing proposals focussed on a change in approach and a move away from competitive bidding. My officials are currently consulting on the proposals through meetings with stakeholders such as Registered Social Landlords (RSLs), Welsh Local Government Association (WLGA), Community Housing Cymru (CHC) and our Decarbonisation Implementation Group (DIG) to gather in views and will then submit advice to me

We are undertaking this work in recognition that all RSLs need to come on the decarbonisation journey; we want to ensure that support is consistently available to them to support this.

However, ORP is not the only element of funding received by Local Authorities and Large Scale Voluntary Transfers (LSVTs), they also received MRA and Dowry funding and all RSLs have their own income and the ability to leverage other independent funding. We must recognise that funding will have to come from a variety of sources and that both government and private funding will be needed so we need to work up viable funding solutions with the sector. In the meantime, £220m has been made available for ORP to help landlords start their decarbonisation journey.

3. Can you provide details of funding available to traditional RSLs to support them in decarbonising their existing housing stock?

We need a standard to be confirmed before we start modelling and making financial assumptions and we are currently in the consultation phase of formalising the new standard WHQS 2023. This consultation focuses specifically on agreeing that standard. Once this is agreed, we will work through the financial modelling.

Current WHQS funding is aimed at supporting the maintenance of older social homes, much built by local authorities in the period 1950s to 1970s. For those held by local authorities, this support is provided as Major Repairs Allowance. For the stock transfer Registered Social Landlords, dowry gap funding was agreed at the point of transfer to ensure that the new organisations could support the ongoing maintenance of the stock

and remain viable. As WHQS was implemented, the traditional housing associations held homes which were able to achieve WHQS more quickly, so funding was not directed at supporting them reach the original WHQS standard.

As we look forward to the new WHQS 2023, funding to support affordable warmth and decarbonisation has already been available to all social landlords through the Optimised Retrofit Programme. But we continue to work with landlords to understand more about the funding models required to support our proposals for the future standard.

Across the 20 years since the implementation of the original WHQS together with our social landlord delivery partners, we have invested billions of pounds to significantly improve and maintain the quality of social homes across Wales through WHQS. Spanning six administrations, WHQS is an example of how we can take the long view: investing in long-term policies and programmes, with long-term funding models. We have enabled social landlords to confidently invest over the long term in assets and communities. We intend to ensure that the new standard further enables this approach.

4. How confident are you that sufficient learning from ORP will have taken place by 2023 to start the decarbonising of homes in other tenures?

We are clear that in terms of retrofit, there are few simple solutions and indeed no one size fits all in terms of the housing stock here in Wales. In light of this we are committed to getting as clear an understanding of the issues and committed to working with partners across the sector to ensure that our plans are evidence based and, while ambitious, also ultimately achievable.

We are gathering evidence and collecting baseline data from properties currently being retrofitted. This data will ensure we can measure the impact of our investment activities. Only through an evidence-based approach can we ensure that future investment relies on solutions that we can be confident work across different homes and different tenures. Working with the social housing sector first also helps support the growth of the skills base, offers secure materials and supply chains that are needed to decarbonise Welsh homes at scale and pace.

Decarbonisation of homes in the privately rented and owner-occupied sectors is undoubtedly more complex. Moreover, we know that innovative funding models will be needed to pay for the decarbonisation of these homes, the costs of which cannot rest fully on Welsh government. However, we are confident that the learning from ORP, and other schemes, along with learning from the wider system (such as UK government schemes and our expert Decarbonisation Implementation Group), will put us in a strong position to start the work in other tenures.

5. Can you provide an update on the steps the Welsh Government has taken, and plans to take, to ensure that new homes (across housing sectors) are built to zero carbon in operation standards?

The 'Welsh Development Quality Requirements 2021 - 'Creating beautiful homes & places' came into force from October 2021. WDQR2021 as it is known, sets a bold new standard for new affordable homes funded by Welsh Government. The standard promotes low carbon designs as well as moving away from fossil fuels for domestic heating and hot water systems. It sets new quality requirements for social housing centred on flexibility, space and sustainability. It ensures social housing will lead the way in reducing carbon emissions, with private developers expected to build to the same low carbon requirements by 2025.

There are also a number of projects supporting the journey to net zero such as Home Grown Homes 2, net zero Hwb and the net zero new home 'pattern' book utilising a Modern Method of Construction (MMC) manufacturing approach.

Welsh Government has been working with the Development Bank for Wales (DBW) to explore how two existing property funds for SME house builders, the Wales Property Development Fund (WPDF) and Wales Stalled Sites Fund (WSSF), could be flexed to support the climate change agenda. As a result, the Green Homes Incentive has been established and will use existing funds from the WPDF and WSSF to provide a pilot programme that offers developers tapered reductions in loan costs based on the extent of the energy efficiency and low carbon measures they incorporate into their new housing developments.

6. Given that both the Scottish and Welsh Governments expressed disappointment at the narrow nature of the exclusion, how satisfied are you that the dispute resolution procedure has been effective in this instance?

With regards to the dispute surrounding the single-use plastic exclusion, it was the Scottish Government that sought an exclusion and latterly instigated the early stages of dispute avoidance and resolution process under the Resources and Waste Framework. A solution was proposed by officials and agreed by Ministers before the formal process was triggered. This is why Committees were not informed.

I refer you to my letter of 31 May, the Welsh Government does not believe an exclusion is required to achieve our policy and legislative aims, as we do not believe the United Kingdom Internal Market Act (UKIMA) can have the impact on Senedd competence it purports to.

Although the Scottish Government accepted the exclusion, they expressed frustration it was not as wide as they initially requested. I was happy to support their position in this even though I do not believe the exclusion is necessary for us.

7. Can you clarify whether the dispute reached Ministerial level? If so, why did you not notify this Committee/the Senedd?

Please see my answer above. The formal dispute resolution mechanism was not triggered, which is why I did not notify the Committee or the Senedd.

8. Can you explain why you chose not to seek the Senedd's views on the exclusion prior to giving consent to the making of The United Kingdom Internal Market Act 2020 (Exclusions from Market Access Principles: Single-Use Plastics) Regulations 2022?

The process requires the Secretary of State to write to Welsh Ministers to seek consent in advance of making the exclusions SI. If no response is received within 30 days, then the Secretary of State can proceed to make the exclusions SI. If consent is to be given, the relevant Minister should write to the LJCC and relevant committees signalling as much and the reasons, ideally ahead of signalling consent to the UK Government. Written statements should be laid once the SI is made.

That is why I wrote to this committee at the same time as the LJCC committee, signalling my intent to give consent. This first piece of legislation which has come forward under these arrangements. I recognise this was not ideal and will seek to avoid this in the future. I have asked officials to work to ensure we are given more notification in any future processes so there is an opportunity to discuss any future consent with the Senedd.

9. Can you provide a list of stakeholder your officials are engaging with? When will the review be completed and will you commit to publishing the outcome?

Officials have been engaging with a wide variety of stakeholders, including bodies representing the plastics industry, manufacturers, businesses and environmental groups. Officials have also engaged with representatives of groups who may be disproportionately impacted by these plans. For example, disabled people and those who care for young children. These discussions are ongoing and an overview of these engagement sessions will feed into the Bill's supporting documentation.

10. Can you clarify when the outcome of the Deep Dive will be made available?

Due to an unavoidable postponement of one of the sessions, the timetable for the deep dive was delayed slightly, which meant that the Ministerial Statement will now be made following the summer recess.

Having received invaluable input from a range of people and organisations over the course of the engagement, officials will now use the summer recess to consider the actions, evidence and views we received to produce a set of clear recommendations. I will share the recommendations in the Ministerial Statement and at the Wales Biodiversity Partnership conference in early October.

11. Can you provide further details of the Welsh Government's position on the latest draft of the 2020 global biodiversity framework?

Welsh Government is fully supportive of the need to conclude negotiations and agree a new post-2020 Global Biodiversity Framework in December 2022. The biodiversity crisis is real and pressing. We recognise the need for urgent,

transformative action, not just by governments, but by the whole of society. As such, we have been feeding into the UK position on the development of their position on the Framework.

As a sub-national government, we are a key player in the Edinburgh process. We are sensitive to the crucial role of sub-national governments, cities and local authorities can play in the achievement of the post-2020 Framework - halting and reversing the decline of biodiversity by 2030 will require cooperation at all levels and in all groups of society.

The recent biodiversity Deep Dive has shown at first glance just how important it is we seek innovative approaches to the challenges ahead; this, coupled with our support for the SMART targets within to the Global Biodiversity Framework, will drive forward the progress we need.

As I raised in committee, I am eager to achieve the most out of COP15, however, sharing our position ahead of the conference runs the risk of undermining our negotiating position. I will update the committee in due course, once I am able to.

12. COP15 has now been put back to December 2022. What impact will this have on the Welsh Government's plans in this policy area, including the development of statutory biodiversity targets?

We will take account of the outcomes of the new post-2020 CBD Global Biodiversity Framework negotiations later this year in developing nature targets and future monitoring in Wales. Further, I want to ensure our approach to statutory targets considers the recommendations from the Biodiversity Deep Dive. I am therefore eager that we take both the recommendations from the biodiversity deep dive and the agreed version of the post-2020 Global Biodiversity Framework into account before the introduction of statutory biodiversity targets.

Importantly, targets need to be robust and stretching, driving progress over the short, medium and long term. We must also ensure the targets are feasible, viable and take account of the ecosystems resilience approach set out in our Environment and Wellbeing of Future Generations Acts.

The committee will note that the timeline for such targets is dependent on the identification of an appropriate legislative vehicle and bill slot.

During the meeting, you committed: – to seek the UK Government's agreement to share its settled negotiating position in relation to the draft 2020 GBF with the Committee.

My officials are in contact with DEFRA colleagues who lead as UK focal point to seek agreement to share the negotiating position. I will update the committee in due course.