

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



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: MA/JJ/2233/23

Peredur Owen Griffiths MS
Chair
Finance Committee
Welsh Parliament
Cardiff Bay
Cardiff
CF99 1SN

1 September 2023

Dear Peredur,

Thank you for the Finance Committee Report in relation to the Environment (Air Quality and Soundscapes) (Wales) Bill ("the Bill"), published on 12 July 2023.

Please see my responses to the set of recommendations within the report in Annex 1 below. I have also written today to the Chair of the Legislation, Justice and Constitution Committee and the Chair of the Climate Change, Environment and Infrastructure Committee to set out my response to their recommendations.

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
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

Response to Recommendations within the Finance Committee Report in relation to the Environment (Air Quality and Soundscapes) (Wales) Bill (“the Bill”), published on 12 July 2023

Recommendation 1

The Committee recommends that the Minister:

- **provides further details regarding any enhanced procedural control proposed in relation to regulations made under this Bill and**
- **ensures that sufficient opportunities will be provided for Senedd Committees and other stakeholders to scrutinise the financial implications of any such regulations.**

Response

While after consideration, I have decided that I will not be introducing further enhancements to the procedures that apply to Regulations made under the Bill, I am happy to provide detail on the existing enhanced procedural control mechanisms proposed.

The regulation making powers for target setting in Chapter 1 of the Bill are subject to the affirmative procedure. There are additional statutory requirements set out in the Bill if Welsh Ministers wish to make regulations revoking or lowering a target (including replacing the specified date with a later date). These are set out in sections 3(3) and (4) of the Bill. Before making such regulations, the Welsh Ministers must lay before Senedd Cymru, and publish, a statement explaining why the Welsh Ministers are satisfied in relation to the points mentioned in subsection (3)¹. This provides the Senedd with an enhanced opportunity to hold Welsh Ministers to account.

I'm confident that the Committees and stakeholders will have sufficient opportunity to consider the financial implications of regulations made under the Bill. All regulations made under the Bill will be subject to appropriate consultation. A regulatory impact assessment will accompany the regulations to aid scrutiny. I trust this provides reassurances to the Committee.

Recommendation 2

The Committee recommends that the Welsh Government provides a full and robust Regulatory Impact Assessment for any regulations made as a result of this Bill and that sufficient time is provided to allow the Senedd to consider any related financial implications that will arise.

Response

I accept this recommendation. The Regulations made for the purpose of setting long-term air quality targets will be subject to appropriate consultation and scrutiny by the Senedd. Consistent with the information provided within the Explanatory Memorandum, I can confirm a Regulatory Impact Assessment will help us ensure that relevant evidence is properly gathered and open to scrutiny.

Recommendation 3

The Committee recommends that the Minister updates the Committee, at the earliest opportunity, on the possibility of the Welsh Government receiving a Barnett consequential in relation to the proposals in England to fund additional PM2.5 monitoring duties.

Response

The funding to Defra for the expansion of their PM_{2.5} network has been met from Defra's existing budget set at the UK Spending Review in 2021. This is therefore not new funding and will not result in new consequential funding for Wales. This funding would have formed part of the Welsh Government's Block Grant settlement at that time, but we do not receive information on what programmes or functions it relates to in Whitehall departments. Welsh Ministers set the Welsh Government's budget in line with the priorities and the circumstances in Wales and this is approved by the Senedd.

Recommendation 4

The Committee recommends that the Minister provides further information on the cost relating to the air quality monitoring capabilities, including the circumstances that may lead to the higher cost in this range being incurred and the likelihood of this occurring.

Response

Future compliance assessment costs associated with long-term air quality target proposals, including associated modelling and monitoring costs, are subject to the development of the specific target proposals, affordability in the context of the current cost of living crisis and Ministerial consideration. The compliance assessment costs for each pollutant-specific target proposal depend on a range of factors including:

- the pollutant;
- the purpose of a pollutant-specific target and the target metric;
- relevant assessment methods and technologies (modelling and monitoring with sufficient spatial and temporal resolution and data quality); and
- expert advice.

As the assessment of measuring progress towards each target is pollutant specific (methods and technologies), total costs will also depend on the number and type of targets set.

Plans to establish enhanced air quality monitoring across Wales for important pollutants which affect public health have been developed. A scoping review was carried out into potential locations for monitors. These locations meet existing legislative requirements for monitor siting. The final draft plans for an enhanced monitoring network for important pollutants primarily affecting public health are being finalised and will be subject to previously mentioned dependencies. The development of air quality monitoring associated with pollutants responsible for impacts on sensitive habitats and biodiversity have also been developed separately, working with the Centre for Ecology and Hydrology.

The overarching aim was to ensure plans would enable robust assessment of compliance with existing and new air quality policy ambitions, legal targets and objectives.

The lower monitoring cost estimate provided in the Explanatory Memorandum covers a PM_{2.5} expansion only. The upper monitoring cost estimate would include the ability to monitor additional pollutants primarily affecting public health PM_{2.5}, PM₁₀, NO₂ and NH₃. The upper monitoring cost would allow scope to deliver additional needs in the future and will enable monitoring to underpin future air quality targets and objectives.

Development of an air quality service has also been considered alongside the expansion of an air quality monitoring network, and the costs are as stated in the Explanatory Memorandum.

| One-off Capital Spend | PM2.5 | Low cost sensors | Met stations | NO2 | PM10 | NH3 | UB - Black carbon VOCs Ultrafine particles | RB - Black carbon VOCs Ultrafine particles | AQ Service | Total |
|-----------------------|-------|------------------|--------------|-------|-------|-------|--|--|------------|--------|
| Upper cost | £7m | £2.3m | £180k | £2.2m | £2.2m | £35k | £420k | £420k | | £14.8 |
| Lower cost | £7m | £2.3m | £180k | | | | £420k | £420k | | £10.4m |
| Annual Revenue Spend | PM2.5 | Low cost sensors | Met stations | NO2 | PM10 | NH3 | UB - Black carbon VOCs Ultrafine particles | RB - Black carbon VOCs Ultrafine particles | AQ Service | Total |
| Upper cost | £1.5m | £1.7m | £30k | £1.8m | | £277k | £228k | £228k | £1.9m | £7.5m |
| Lower cost | £1.5m | £1.7m | £30k | | | | £228k | £228k | £1.9m | £5.5m |

Recommendation 5

The Committee recommends that the Minister provides further information on the process for approving/not approving bids to the Local Air Quality Management Support Fund.

Response

Local authorities submit their bids using the Local Air Quality Management Support Fund [application form](#). The bids are assessed by a panel made up of officials from the air quality team and officials from teams outside of the directorate to ensure independent scrutiny.

The panel assessment template attached at Annex 2 has been developed using best practice guidance from the Grants Centre of Excellence. A qualitative assessment approach is used due to the range of air quality activities local authorities could undertake, in line with the grant criteria. Where the panel feels that further rationale or information is required, local authorities are given the opportunity to submit additional information which the panel considers when making a final decision. I welcome the Committee's view on this process and would consider any recommendations for improvement.

Recommendation 6

The Committee recommends the Minister provides further information on the estimated cost impact on local authorities and other stakeholders of considering and implementing a Smoke Control Area

Response

In the explanatory memorandum, we have provided estimated enforcement costs local authorities could incur and outlined our intention to support these costs through the LAQM grant. We have also provided estimated costs of communications relating to smoke control and outlined the budget through which we intend to meet these costs to ensure consistency and avoid placing burden on local authorities.

Costs associated with implementing new smoke control areas vary depending on factors such as location, population density and the number of non-compliant stoves. The smoke control guidance we have committed to develop will contain the detailed advice on the considerations and processes local authorities would be required to undertake should they chose to implement a new smoke control area. However, we will undertake a full assessment of the potential costs associated with considering and implementing smoke control areas as we develop the guidance and this will be published alongside the draft guidance for consultation.

Annex 2 – Local Air Quality Management Support Panel Assessment Form (23-24)

| | | |
|---------------------------------------|---|--|
| Purpose of grant | | <p>The purpose of this grant is to support local authorities in delivery of action for local air quality management. The grant supports projects that can be delivered (costs incurred) by the end of financial year 2023 - 2024. The grant seeks to support work that falls under one or more of the following criteria:</p> <ul style="list-style-type: none"> • Prevention – action that seeks to improve air quality and prevent worsening of concentrations and/or an exceedance of legal limits. • Mitigation – action that seeks to improve air quality in an Air Quality Management Area (AQMA). • Innovation – action using innovative methods or technologies to improve air quality and/or reduce exposure. <p>Applications for funding should therefore be assessed against their ability to meet one or more of the criteria above.</p> |
| Members of appraisal panel | | |
| 1. Description of bid(s) | | |
| 1.1 | Name of organisation: | |
| 1.2 | Description of projects: | |
| 2. Aims and objectives | | |
| 2.1 | Is there clear evidence of the need for proposed activity? | |
| 2.2 | How well do the projects meet the aims of prevention, mitigation and/or innovation? | |
| 2.3 | Are the objectives of the projects clear and measurable? | |
| 3. Risk, issues and management | | |
| 3.1 | Are there any constraints or risks? If so, are there mitigating actions that the local authority and/or WG can take to reduce these? | |

| | | |
|---|--|--|
| 3.2 | Has information regarding implementation, delivery and management been provided and does it seem suitable? | |
| 3.3 | What monitoring activities will WG need to undertake for these projects? | |
| 3.4 | Are there any technical or commercial issues? | |
| 4. Value for money | | |
| 4.1 | Is the level of funding proportionate? | |
| 4.2 | Are the projects of good quality? Do the project outcomes deliver value for money? | |
| 5. Due diligence | | |
| 5.1 | Are there any risks or issues with the organisation? | |
| Recommendation of the panel (Date) | | |
| (If additional information requested) Final recommendation of the panel (Date) | | |