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Y Gweinidog Newid Hinsawdd
Minister for Climate Change



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: JJ/PO/441/2023

Llŷr Gruffydd MS
Chair
Climate Change, Environment and Infrastructure Committee
Welsh Parliament
Cardiff Bay
Cardiff
CF99 1SN

18 December 2023

Dear Llŷr,

Thank you for your letter of 24 November following the Committee's Ministerial scrutiny session which I attended on 26 October.

I have provided further information in relation to the Committee's questions below:

Target setting framework powers and lessons for the proposed Bill providing for biodiversity targets

I am grateful to the Committee for its work on the Environment (Air Quality and Soundscapes) (Wales) Bill and the engagement which shaped the final provisions on target setting. I have asked officials working on the proposed approach to biodiversity targets to reflect on the learning from the development of the Air Quality target setting framework. It remains the case, though, that targets must be developed based on evidence and work to drive meaningful action.

Review and publication of a revised National Natural Resources Policy

A working group will start work in January to review the progress to date and undertake a review of the policy. The review is due to complete in October 2024. The publication of a revised policy will follow.

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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.

Review of the species and habitats lists and timing of publication of revised lists

The Environment (Wales) Act transposed the Section 42 list as the interim Section 7 list. Whilst no timeframe was set in the Act for the publication of an updated list, the task has proven complex and time consuming.

Stage 1, led by Natural Resources Wales (NRW) has been completed. Over 2900 species have been assessed by NRW specialists, resulting in more than 1100 being proposed for inclusion the Stage 1 list. In addition, NRW also engaged species and habitats experts from Wales Environment Link (WEL) members and other key technical organisations in a series of independently facilitated virtual workshops. We are very grateful to the experts and organisations for the help they have provided.

Welsh Government has now reviewed the Stage 1 lists and related spreadsheets. This process gave rise to a number of queries and requests for further information, particularly around commercial marine species and some definitional issues around some of the proposed mosaic habitats. NRW are currently working on the responses needed before the lists can progress to Stage 2 where they need to be formally agreed and published by Welsh Government. Stage 2 will also include guidance on interpretation and implementation for users and We aim to publish the revised section 7 list in the spring 2024 with further guidance on interpretation and implementation to follow.

Discussions with representatives of the Private Rented Sector (PRS) to discuss alternative options for increasing energy efficiency standards across the sector

We have yet to have any direct discussions with the private rented sector on this. However, our Green Paper Call for Evidence did seek views on whether it could be appropriate to link the EPC rating of a property to the rent that could be charged as a means of encouraging investment in improving the EPC rating.

Officials are currently analysing the responses to the Green Paper, and this evidence will inform the development of a White Paper.

Consideration of introducing more stringent energy efficiency standards as a condition of Wales' landlord registration and licensing?

The Welsh Government have control over the Code of Practice that licensed landlord and agents must abide by. The mandatory part of the Code of Practice can only reflect what is currently law in Wales. However, energy is a reserved function of the UK Government, any changes to EPC standards are a matter for the UK Government.

Other than the Code of Practice set by an Order of the Senedd, licence conditions are a matter for the licensing authority, Rent Smart Wales (RSW). The Housing (Wales) Act 2014 gives them the power to set licence conditions that they feel are appropriate for the licence. If RSW were to propose a new condition, it would need to be in relation to the letting and management practices of a landlord's properties. RSW themselves have no jurisdiction over anything in relation to the fabric of the property, so a fundamental change to rules surrounding the fabric of a property is not within their remit.

I have always been clear that I want to see more energy efficient properties across Wales, and we are delivering using the levers that we have, particularly through new-builds and retrofitting existing properties. The UK Government, unfortunately, scrapped their plans to bring in a minimum "C" EPC rating to new and existing properties in England and Wales.

This, coupled with sufficient money back-up the plans and to encourage and help landlords to meet the new standards, would have helped tenants in Wales immeasurably in terms of energy efficiency and rising fuel costs. Landlords would have also benefitted from having upgraded and more marketable properties. The UK Government have the power to act, and they need to for the sakes of landlords and tenants.

Steps to encourage the remaining seven local authorities to engage with the Leasing Scheme Wales?

The aim is to get all-Wales coverage for Leasing Scheme Wales. There is already a package of funding to help local authorities develop and manage the scheme. Since the schemes inauguration there has been active engagement with relevant senior managers in the local authorities who have not yet joined. As a result, there are now 16 local authorities participating and a further authority has now applied to join making 17.

There have been recent discussion and dialogue highlighting the benefits of the scheme with the five remaining local authorities, who are now re-considering their position.

Numbers of landlords engaged with the Leasing Scheme Wales by local authority area

Local Authorities engage landlords and prospective landlords through a wide variety of mechanisms such as social media, newsletters, forum meetings and general day to day contact. As such, it is difficult to quantify exactly how many have been engaged.

The information below sets out the number of properties taken on board. It may be some landlords have more than one property, so the exact number of landlords will require further investigation with local authorities. The freezing of Local Housing Allowance rates over the last four years has been a huge impediment to encouraging landlords to join the scheme. However, with Local Housing Allowance rates now being uplifted from next April, this will help to make Leasing Scheme Wales a more attractive proposition to landlords, who may previously have declined to join the scheme.

The scheme remains in its early deployment, however the number of properties which form part of the scheme by local authority is as follows:

Cardiff	62
RCT	29
Conwy	29
Gwynedd	13
Ceredigion	13
Anglesey	7
Pembrokeshire	9
Wrexham	11
Denbighshire	8
Merthyr Tydfil	2
Carmarthenshire	3
Newport	0
Blaenau Gwent	0
Monmouthshire	0
Neath Port Talbot	0
Powys	0
Total	186

There are a further 90 properties in the pipeline and there is every indication these will be brought on board by the end of the financial year.

Update on work towards the development of proposals for Property Linked Finance?

A work programme focused on exploring innovative funding solutions for the decarbonisation of Welsh homes is underway. This work includes undertaking test and learn projects to help understand models further, test their viability, measure success and assess the scalability potential. I hope to launch the first test and learn project which will focus on able to pay owner occupiers in the 2024/2025 financial year (subject to budget approvals).

Work has begun to bring together social landlords, finance industry experts and Welsh Government officials to explore innovative methods of funding decarbonisation works. Two sessions have been held which have focused on exploring potential finance models being investigated by Welsh social landlords (particularly focussed on save/share financing models linked to micro-generation) and those being used in other jurisdictions.

Officials are also working to keep sighted on developments wider than this working group, for example maintaining links to the outputs from wider UK Government work (such as the pilot projects under the green home finance accelerator projects and wider work such as the recent round table event hosted by Barclays and work ongoing led by Trustmark).

The net zero carbon hwb which is due to be launched in early 2024 will also have an area with a specific focus on finance for members to discuss options and proposals in this area.

Publication of findings from the Welsh Government's research into air source heat pump noise and permitted development rights

The findings will be published before the Christmas recess.

Welsh Government's understanding of the timescales the UK Government is working towards for completing its wider study of noise from air source heat pumps

The Department for Energy Security and Net Zero (DEZNEZ) published 'Review of Air Source Heat Pump Noise Emissions, Permitted Development Guidance and Regulations' on 30 November. This report was commissioned to assess whether, and in what ways, current guidance and planning regulations are fit-for-purpose for the larger-scale deployment of Air Source Heat Pumps (ASHPs) in England.

On the same day, Microgeneration Certification Scheme launched their consultation on 'MCS 020 Planning Standard for Permitted Development Installations of Air Source Heat Pumps'. This consultation is on MCS 020 and the proposed changes include improving the definition of a solid barrier, background noise level assumptions and updated guidance on location. Proposals are designed to make installing a ASHPs easier and more accessible. Both the DEZNEZ report and the MCS consultation are important in shaping changes to UK ASHP permitted development rights and will provide insight to the Welsh Government on the main issues. It is understood that the Department for Levelling Up, Housing & Communities will undertake a consultation on changes to ASHP permitted development rights in January 2024.

Timescales for the completion of the comprehensive review of permitted development rights and considerations within the review

As noted in this letter, a range of work is underway to support a review of permitted development rights in Wales. No specific dates have been set at this stage. It is anticipated the formal review process will commence in Spring 2024.

The Welsh Government is actively undertaking a range of work looking at ASHPs and their associated permitted development rights with the intention of undertaking a review of permitted development rights in 2024.

The Noise and Soundscape Plan for Wales 2023-2028 was published at the start of December 2023. The Plan highlights that, in 2022 the Welsh Government commissioned Sustainable Acoustics Ltd and Apex Acoustics Ltd, to review all the available evidence on this topic and provide expert advice to inform potential changes to permitted development rights in Wales. In 2023, the findings of this review have begun to feed into a wider piece of work by the UK Government, which we hope will lead to improvements to the Microgeneration Certification Scheme, the industry-led quality assurance scheme underpinning the planning rules for ASHPs in both England and Wales.

The Welsh Government welcomes the Microgeneration Certification Scheme Charitable Foundation's willingness to work with the Welsh and UK Governments to introduce rapid improvements to the MCS 020 assessment methodology. We anticipate that these improvements, once implemented, will enable us to update the rules for permitted development rights for domestic ASHPs in Wales in a way that does not expose people in densely populated areas to an unacceptable risk of noise nuisance from the rollout of this important decarbonising technology.

The Welsh Government would welcome improvements being made to the MCS, which underpins the planning rules for ASHPs. Once the Microgeneration Certification Scheme has been reviewed and updated, we will take the best available and most up-to-date evidence on the noise risks associated with heat pumps into account as we review and update the rules for permitted development rights for ASHPs in Wales.

The Welsh Government intends to publish before Christmas a two-part report reviewing the latest evidence in relation to ASHP noise. The report entitled 'Air Source Heat Pump Noise & Permitted Development Rights in Wales' looks at the effects of noise and current permitted development rights on ASHP deployment across Wales, and how to overcome the obstacles. It concludes by recommending simplified permitted development rights requirements.

The Welsh Government recently consulted on its Heat Strategy for Wales. The Strategy focusses on our approach to decarbonising space heating and hot water for our buildings in Wales, our higher demand industrial heat, and how our energy networks will be transformed to support a low carbon future. The consultation sought views on whether the current permitted development rights related to heat pumps are a barrier to heat pump installation rollout.

The responses to this consultation are currently being analysed and will inform our work reviewing ASHP permitted development rights.

Clarify whether emissions estimates provided by the Welsh Government to the UK Climate Change committee (UK CCC) to inform its latest Progress Report take account of residential electricity use?

The UK CCC's progress report draws on the Welsh Greenhouse Gas Inventory (GHGI), which reports Welsh territorial emissions in-line with the international reporting guidelines set by the Intergovernmental Panel on Climate Change (IPCC).

The GHGI accounts for residential electricity use via the power stations that produce it, rather than allocating it to households directly. Any emissions generated by electricity produced in Wales will be reported as Welsh emissions in the GHGI, regardless of where that electricity is ultimately consumed. Equally, if electricity is produced outside of Wales and imported for use in Welsh homes, those emissions will not be reported as Welsh emissions but rather they will be accounted for in the country that hosts that power station.

Whilst there is a duty on Welsh Ministers to estimate consumption emissions too, the approach we take to our statutory targets, which considers territorial emissions, aligns with UN processes.

Update on progress towards reaching a resolution on the scope of the Deposit Return Scheme (DRS) before the end of spring term 2024 and next steps in relation to Wales

My officials have been working on a daily basis with their counterparts in Defra, Northern Ireland and Scotland on the development of the Deposit Return Scheme and have worked with industry and experts in the sector on its design. Significant progress has been made on finalising the scope and addressing interoperability issues, with the Scottish scheme now progressing on the same timeline as that for the rest of the UK. I have recently also met with the new Defra Minister responsible for the development of the DRS in England to discuss progressing the scheme. The next stage will be to start the final drafting of the regulations required to implement the scheme.

There is no reason why agreement cannot be reached on the scope of the scheme since the current situation reflects the final scheme design which was jointly published and agreed by the UK Government. The next step will be the development of the legislation for Wales, which will be developed in parallel with that for England and Northern Ireland. We are also working closely with the other governments on the development of the application process and guidance for the appointment of the scheme operator, in readiness for the establishment of a body to administer the scheme.

Work undertaken on the development of recycling targets for 2030 and beyond?

Work is being undertaken in partnership with the Local Authorities to develop the pathway for the targets for recycling post the 70 per cent statutory minimum target which comes into place in 2024 to 2025.

The first step was to commission a new study of the composition of residual municipal waste, and the [results were published in July 2023](#).

Clarify the timescale the Taskforce is working towards for the development of targets to prevent ecological harm in Wales' waterways?

The Better River Quality Taskforce is reviewing the Storm Overfall Evidence for Wales Report with a view to developing an achievable and affordable short-, medium- and long-term programme for the prevention of ecological harm of our riverine waters. The Taskforce will decide the format of the plan, including any associated targets. The programme and priorities will be communicated more widely in due course.

The River Basin Management Plans [Natural Resources Wales / River basin management plans](#) provide the overarching programme of work and plans for the prevention of ecological harm of our riverine waters, in accordance with the requirements of the Water Environment (Water Framework Directive) (England and Wales) Regulations 2017.

Assessment of whether / how the proposed Enhanced Nutrient Management Approach will impact the effectiveness of the 2021 Regulations in tackling the causes of water and air pollution from agricultural activities

A [Regulatory Impact Assessment](#) on the Enhanced Nutrient Management approach was laid before the Senedd on 29 November.

How the Welsh Government has engaged the UK CCC in the development of the proposed Sustainable Farming Scheme

The Sustainable Farming Scheme (SFS) is the responsibility of the Minister for Rural Affairs, North Wales and Trefnydd. It being designed with strong input through co-design with the industry and with relevant Welsh Government policy teams. As part of this process the UK CCC reports and recommendations have been considered and have influenced policy design and the schemes development. The SFS proposals is currently at consultation phase, however we have adapted some proposals to link more closely with UK CCC findings for improvement, such as the inclusion of a highly modified peatland and riverine SSSI's in our universal layer to support the improvement in 'nature' and 'working land and seas'.

The SFS framework is designed to be an iterative process so officials will continue to engage with the UK CCC to as appropriate.

Update on the intergovernmental discussions on potential replacement arrangements for the National Emissions Ceiling Regulations 2018 and plans to replicate in Wales if it is not addressed at UK level

The National Air Pollution Control Programme (NAPCP) provisions in the National Emissions Ceiling Regulations will be revoked on 31 December under Schedule 1 of the Retained EU Law (Revocation and Reform) Act 2023. The decision by UK Government to remove the NAPCP provisions from the National Emission Ceilings Regulations via this Schedule was made without consideration through the Air Quality Common Framework. We are currently working with Defra and the other Devolved Governments via the Air Quality Common Framework Working Group to inform Defra's proposed alternative arrangements. Transparency and public scrutiny are important aspects of the Environment (Air Quality and Soundscapes) (Wales) Bill, introduced to the Senedd in March, and I am keen to see them applied here.

We are also continuing to engage with Defra and the other Devolved Governments to seek an open and collaborative approach in the development of potential alternative processes.

Yours sincerely,

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

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