

Agenda – Climate Change, Environment, and Infrastructure Committee

Meeting Venue:

Committee room 4 Tŷ Hywel
and video Conference via Zoom

Meeting date: 11 December 2025

Meeting time: 09.15

For further information contact:

Manon George

Committee Clerk

0300 200 6565

SeneddClimate@senedd.wales

Hybrid

Private pre-meeting (09.00–09.15)

Public meeting (09.15–15.30)

1 Introductions, apologies, substitutions, and declarations of interest

(09.15)

2 Environment (Principles, Governance and Biodiversity Targets) (Wales) Bill – Stage 2 Proceedings

(09.15–15.30)

Huw Irranca-Davies MS, Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs

Naomi Matthiessen, Bill Senior Responsible Owner and Policy lead for Governance and Principles, Deputy Director, Landscapes, Nature and Forestry Division – Welsh Government

Alice Teague, Deputy Director, Marine and Biodiversity Division, Policy lead for Biodiversity – Welsh Government

Dorian Brunt, Lead Lawyer, Legal Services, Environment (Principles, Governance and Biodiversity Targets) (Wales) Bill Lead Lawyer – Welsh Government



Documents relevant to Stage 2 proceedings will be available on the [Bill page](#).

The Climate Change, Environment, and Infrastructure Committee agreed on [20 November 2025](#), under Standing Order 26.21, that the order of consideration for Stage 2 proceedings would be:

Sections 1–8; Schedule 1; Sections 9–10; Schedule 2; Sections 11–28; Schedule 3; Sections 29–43; Schedule 4; Sections 44–45; Long Title.

3 Papers to note (15.30)

3.1 Bus Services (Wales) Bill

(Pages 1 – 4)

Attached Documents:

Letter from the Cabinet Secretary for Transport and North Wales to the Chair of Finance Committee in relation to the revised Explanatory Memorandum for the Bus Services (Wales) Bill

3.2 UK Emissions Trading Scheme

(Pages 5 – 10)

Attached Documents:

Letter from the Deputy First Minister and Cabinet Secretary for Climate Change & Rural Affairs to the Chair in relation to the UK Emissions Trading Scheme (UK ETS) – 27 November 2025

Additional letter from the Deputy First Minister and Cabinet Secretary for Climate Change & Rural Affairs to the Chair in relation to the UK Emissions Trading Scheme (UK ETS) Authority – 4 December 2025

3.3 Welsh Government Draft Budget 2026–27

(Pages 11 – 33)

Attached Documents:

Response from the Cabinet Secretary for Housing and Local Government to

the Chair in relation to the Welsh Government draft budget 2026–27
Response from the Cabinet Secretary for Economy, Energy and Planning to
the Chair in relation to the Welsh Government draft budget 2026–27

3.4 Wales Flood and Coastal Erosion Committee's 'Flood Insurance – a Wales Perspective' consultation report

(Pages 34 – 64)

Attached Documents:

Letter from the Chair of the Wales Flood and Coastal Erosion Committee to
the Chair in relation to the Wales Flood and Coastal Erosion Committee's
'Flood Insurance – a Wales Perspective' consultation report and resultant
proposals

3.5 Restoration of opencast mining sites

(Pages 65 – 83)

Attached Documents:

Letter from the Coal Action Network to the Chair in relation to the application
to the restoration plan at the Ffos-y-fran land reclamation scheme
Letter from Friends of the Earth to the Chair in relation to the application to
the restoration plan at the Ffos-y-fran land reclamation scheme
Letter from Chris and Alyson Austin to the Chair in relation to the application
to the restoration plan at the Ffos-y-fran land reclamation scheme

3.6 Marine biodiversity

(Pages 84 – 87)

Attached Documents:

Letter from Wales Environment Link to the Chair in relation to resourcing of
marine biodiversity

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

(Page 88)

Attached Documents:

Letter from the Deputy First Minister and Cabinet Secretary for Climate
Change and Rural Affairs to the Chair in relation to the Inter-Ministerial
Group for Environment, Food and Rural Affairs

- 4 Motion under Standing Order 17.42 (vi) and (ix) to resolve to exclude the public from the remainder of this meeting**
(15.30)

Private meeting (15.30–16.00)

- 5 Consideration of draft report on the Welsh Government Draft Budget 2026–27**

(Pages 89 – 116)

Attached Documents:

Draft report on the Welsh Government Draft Budget 2026–27

Our ref: MA/KSNWT/2789/25

Peredur Owen Griffiths, MS
Chair,
Finance Committee
Senedd Cymru
Cardiff
CF99 1NA

25 November 2025

Dear Peredur

Bus Services (Wales) Bill – Revised Explanatory Memorandum and Regulatory Impact Assessment

Following the completion of the Stage 2 proceedings in respect of the Bus Services (Wales) Bill, and in line with Standing Order 26.28, a revised Explanatory Memorandum has been laid to account for amendments made to the Bill at Stage 2, to reflect new, amended or removed provisions.

I would like to bring relevant changes which have been made to the Regulatory Impact Assessment (RIA) to the Committee's attention.

The Committee's recommendations

In my letter of 8 September, following the publication of the Committee's Stage 1 report, I set out my initial response to the Committee's recommendations. I can now provide further details for those recommendations in response to which the RIA has been revised:

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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 2. The Committee recommends that the Cabinet Secretary provides clarity on the estimated additional costs to deliver Transport for Wales's aspirational network and includes this information in a revised Regulatory Impact Assessment, after Stage 2.

The term 'Aspirational Network' has been replaced with 'aspirations for service enhancements' to reflect the evolving nature of network improvements, which remain subject to funding availability. Clarifications have also been added regarding the potential costs of aspirational enhancements (see Paragraph 8.85), including an illustrative cost example. The update also notes that decisions on increasing vehicle kilometres to support aspirations for bus network improvements will be guided by cost and revenue modelling to be undertaken by TfW as network plans progress.

Recommendation 3. The Committee recommends that the Cabinet Secretary explains how the estimated cost of £187.2 million for the acquisition of bus depots has been determined, including details of the assumptions made, and includes this information in a revised Regulatory Impact Assessment, after Stage 2.

Paragraph 8.19 has been updated with additional detail clarifying how the original cost was estimated. This was based on an exercise that was undertaken to identify the number, type and size of facilities that are needed in each region (with a unit cost for small, medium and large depots) and relates to full ownership of diesel-only depots. It is noted that there are some sensitivities around publication of unit cost estimates for depots as negotiations around the purchase of sites is ongoing.

Clarification has also been added regarding the additional costs associated with transitioning to electric depots, including a reference to the estimated cost assumption of £80 million (also derived from unit costs for small, medium, and large depots). While this cost was previously incorporated within the modelling across all options (Business as Usual, Statutory Partnerships, and Bus Reform), it had not been explicitly referenced in the text. This has now been addressed in Paragraph 8.19.

While it is acknowledged that certain post-acquisition upgrade costs (such as building refurbishment or construction, EV charging infrastructure, and grid upgrades) may exceed initial projections, these are expected to be offset by operators retaining ownership of some depots. Following a reassessment of depot cost estimates and discussions with TfW regarding evolving depot ownership plans, the overall financial envelope included in the original RIA, of an estimated £178m, is considered to remain an accurate estimate based on the latest available information.

It is also noted that the cost-benefit modelling includes optimism bias at 46% applied on top of these estimates, used in economic modelling to account for uncertainties around infrastructure costs, and hence the original assessment is considered robust and in line with economic modelling best practice.

Recommendation 4. The Committee recommends that the Cabinet Secretary revises the cost estimates set out in the Regulatory Impact Assessment following the decision to proceed with four franchising zones, or otherwise confirms that there is no impact on costs, and includes this information in a revised Regulatory Impact Assessment, after Stage 2.

Clarification has been added to RIA in respect of the change from nine franchise zones to four (paragraph 8.48). Assumptions for recurring staff costs in the bus reform option have also been amended in response to the Committee's recommendation (summarised in Table A3.2), resulting in a change in recurring staff costs (after initial transition period) from £5.7M to £3.3M (Table 8.8). This impacts all assessment scenarios for the bus reform option and associated narrative, and tables have been updated throughout the document. Lastly, additional clarification has been added to reflect that the cost of staff resource is made up of salary and on-costs.

Recommendation 5. The Committee recommends that the Cabinet Secretary explains why the assumption has been made to lease the new zero emissions bus fleet, including how the costs have been estimated, and includes this information in a revised Regulatory Impact Assessment, after Stage 2

Clarification has been added around bus purchase and leasing costs (paragraph 8.81). Whilst there are advantages and disadvantages associated with each option, the total cost of ownership (including annual operating costs) over the lifespan of a vehicle under both options are broadly equivalent. For modelling purposes, as the profile of vehicle purchase required in the bus reform option is not yet fully developed, bus purchase costs have been included as an amortised cost within the estimated annual operational costs, although it is noted that in practice Welsh Government may decide to purchase new buses if access to capital finance is easier than revenue finance.

Stage 2 amendments

In summary, amendments at Stage 2 to the RIA are as follows:

- Clarification that current funding for bus services support is provided by a combination of Welsh Government, and local authority contributions (e.g. paragraph 7.8)
- The TfW Pathfinder Projects section has been updated with the most recent data
- Modelling has been revised to align the carbon values used in the 'Wales Policy Methodology' scenarios with the Central values from the TAG Tables (consistent with those applied in the TAG Methodology scenarios) to ensure comparability across options and with other policy areas. Although this adjustment was reflected in the published RIA, the original modelling has now been updated, resulting in minor amendments to the outputs.

Amendments at Stage 2 to the Explanatory Memorandum (including the Explanatory Notes) have been made to:

- reflect the amendments to the Bill that were passed at Stage 2; including new sections introduced into the Bill and subsequent changes to section numbers;
- insert additional detail into the RIA that I agreed to include in my letter of response to the Finance Committee's Stage 1 Report on the Bill;
- include a definition for the 'Learner Travel (Wales) Measure 2008' in the glossary of terms;
- clarify that local bus services will be secured via contracts, permits, direct provision, the provision of certain other existing types of bus services including community transport services, or a combination of these;
- provide additional clarification with regards to section 36 (TUPE) and the regulations, to be made under it, which will be necessary to deliver on the bus reform.

I would like to take the opportunity to again thank the Finance Committee for its scrutiny of the Bill.

I have copied this letter to the Chair of the Climate Change, Environment and Infrastructure Committee.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ken Skates', with a large, stylized flourish at the end.

Ken Skates AS/MS

Ysgrifennydd y Cabinet dros Drafnidiaeth a Gogledd Cymru
Cabinet Secretary for Transport and North Wales

Huw Irranca-Davies AS/MS
Y Dirprwy Brif Weinidog ac Ysgrifennydd y Cabinet dros New
Hinsawdd a Materion Gwledig
Deputy First Minister and Cabinet Secretary for Climate
Change & Rural Affairs



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: HID-PO-616-25

Llyr Gruffydd MS
Chair
Climate Change, Environment and Infrastructure Committee
Welsh Parliament
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27 November 2025

Dear Llyr,

I am writing to inform you that the UK Emissions Trading Scheme (UK ETS) Authority (comprising of the Welsh Government, the UK Government, the Scottish Government, and the Northern Ireland Executive) has published two responses to UK ETS consultations and one further consultation. On 25 November 2025, the Authority published a response to the UK Emissions Trading Scheme Scope Expansion: Maritime consultation, which relates to the inclusion of emissions from domestic maritime. Alongside this response, the Authority also published a consultation on including emissions from international maritime into the scope of the UK ETS. This was followed on 26th November 2025 by the publication of a response to the UK Emissions Trading Scheme: Free Allocation Review consultation. Additionally, *The Greenhouse Gas Emissions Trading Scheme (Amendment) Order 2026* ("the Order") has today been laid in the Senedd.

The Authority Response to the domestic maritime consultation follows proposals to bring domestic maritime into the UK ETS. It confirms that the scheme will apply to vessels of 5000 Gross Tonnage (GT) and above with no de minimis threshold, with a review point for this threshold in 2028. It explains there will be a delay in the inclusion of offshore vessels until January 2027 and that the inclusion will include a 50% reduction in the UK ETS surrender obligations on routes between Northern Ireland and Great Britain to give parity with routes between the Republic of Ireland and Great Britain. It will provide an exemption for ferries serving the Scottish islands and peninsulas, and for fishing vessels, both of which are to be reviewed in 2028. The overall cap on UK ETS allowances will increase in line with the projected increase in emissions from the introduction of the Maritime sector into the UK ETS.

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The Authority, including officials across the Welsh Government, engaged extensively with affected stakeholders. Most were in favour of these proposals and supported the inclusion of maritime to the scheme. The Climate Change Committee (CCC) advised against adjusting the cap to account for maritime emissions as they were concerned the number of allowances in the scheme is too high and the price of UK ETS allowances is too low to drive decarbonisation. However, the Authority decided to proceed with increasing the cap to account for maritime emissions. The cap is consistent with Net Zero and would continue to be so with the additional allowances for maritime. Any decisions to tighten the cap should be made through a formal resetting of the cap or via market stability mechanisms. Allowances in the scheme are not ringfenced for sectors and therefore not adding allowances to cover the maritime emissions would result in a reduction of allowances available to existing sectors, which would have a significant impact on Welsh participants. While the price of UK ETS allowances has been lower than the price of EU ETS allowances over the last year, it is gradually increasing.

These rule changes will require changes to the legislation, which will be taken forward in the Greenhouse Gas Emissions Trading Scheme (Amendment) (Extension to Maritime Activities) Order 2026. This is currently aimed to be laid in the Senedd in January 2026, with the coming into force date in April 2026.

The consultation on including emissions from international maritime follows the announcement on 19 May 2025 that the UK and EU will work towards establishing a link between the UK ETS and the EU ETS. The Common Understanding¹ set out the importance of ensuring that a link does not create competitive distortions, with specific reference that the scope should include international maritime transport.

The consultation on international maritime proposes that an international journey would capture any voyage which either starts or ends in a UK port and seeks views on including or excluding emissions from voyages to and from Crown Dependencies and Overseas Territories. It proposes that participants would monitor and report 100% of their greenhouse gas emissions on a voyage between a UK port and a port outside of the UK. However, operators would only be required to surrender allowances to cover 50% of their emissions. This would mirror the EU's current approach to international maritime emissions in the EU ETS. It also proposes that offshore vessels are included and required to meet the Monitoring, Reporting and Verification (MRV) and surrender obligations in the UK ETS. Lastly, it proposes adjusting the cap to account for international maritime emissions using the latest UK net zero consistent trajectory as set out in the Maritime Decarbonisation Strategy.

The Authority, including officials across the Welsh Government, will engage extensively with affected stakeholders to gather views to support final decisions on how the UK ETS will be expanded. These reforms to the UK ETS will require amendments to the Greenhouse Gas Emissions Trading Scheme Order 2020 and EU law as it applies in domestic law, so the Senedd along with other UK Parliaments will have the opportunity to scrutinise the legislation giving effect to our plans.

The Authority Response to the Free Allocation Review consultation follows proposals to reform free allocation policy and adjust it for Carbon Border Adjustment Mechanism (CBAM) sectors, following the UK Government's announcement that a CBAM will be introduced in 2027. Free allocations of UK ETS allowances (known as free allowances, "FA") is the only policy currently in place to mitigate carbon leakage. Carbon leakage is the displacement of greenhouse gas emissions due to the movement of production to other countries with weaker climate change mitigation policies. FA policy protects UK ETS participants from the

¹ [UK-EU Summit - Common Understanding \(Final\) \(July 2025\)](#)

full carbon price by providing an amount of allowances to participants for free. This is particularly important for Welsh participants who receive high levels of FA.

The Authority Response confirms that operators can choose to exclude activity data from the 2020 year, or the 2020 and 2021 years (due to the impact of Covid-19), from historical comparisons when considering if activity levels have changed. It also confirms that the current benchmarks, which are used to determine levels of FA by representing the performance of the best installations, will continue to be used until the new 2026 EU benchmarks are available. This will provide the most robust and representative framework for reflecting efficiency improvements, incentivise decarbonisation, and will maintain alignment with the EU ETS. While there was interest in developing UK focussed benchmarks, this was not viable due to the significant limitations in the dataset of UK installations. In relation to the introduction of a UK CBAM, the Response confirms a gradual phase-out of FA for sectors covered by the UK CBAM during the period of 2027-2030. This is important to ensure coherence between FA and CBAM policies which overlap in mitigating carbon leakage.

The Response also confirms that the Authority will not be taking forward proposals to amend the Carbon Leakage List (CLL), to tier levels of FA based on the level of carbon leakage, to phase out FA for sectors not on the CLL at an earlier date than currently planned, to consider access to decarbonisation technologies when allocating FA, and to apply conditions to receiving FA. These proposals were not taken forward due to a lack of sufficient UK data, concerns over adding complexity and uncertainty and making it harder for participants to plan and invest in decarbonisation activities, deliverability issues, and the desire to maintain alignment with the EU ETS while a link is being explored.

The rule changes on activity data, benchmarks, and phasing out FA for sectors covered by the UK CBAM require changes to the legislation. Today, the Order has been laid in the Senedd, which will allow for these changes.

Through the UK ETS, we must encourage decarbonisation in a way that does not risk disadvantaging Welsh industry and supports their decarbonisation pathways to a net zero world. These publications and the Order represent a crucial next step in increasing the coverage of the UK ETS and applying a more considered approach to FA within the UK ETS.

I am also copying this letter to the Chair of the Legislation, Justice and Constitution Committee.

Yours sincerely,



Huw Irranca-Davies AS/MS

Y Dirprwy Brif Weinidog ac Ysgrifennydd y Cabinet dros Newid Hinsawdd a Materion Gwledig
Deputy First Minister and Cabinet Secretary for Climate Change & Rural Affairs

Huw Irranca-Davies AS/MS
Y Dirprwy Brif Weinidog ac Ysgrifennydd y Cabinet dros New
Hinsawdd a Materion Gwledig
Deputy First Minister and Cabinet Secretary for Climate
Change & Rural Affairs



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: HID-PO-629-25

Llyr Gruffydd MS
Chair
Climate Change, Environment
and Infrastructure Committee
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4 December 2025

Dear Llyr,

I am writing to inform you that the UK Emissions Trading Scheme (UK ETS) Authority (comprising of the Welsh Government, the UK Government, the Scottish Government, and the Northern Ireland Executive) has today published two responses to UK ETS consultations.

The first is an Authority Response to the consultation on extending the UK ETS cap beyond 2030¹. Since the launch of the UK ETS in 2021, the Authority has worked to develop and expand the Scheme in line with net zero commitments across the UK. The Authority intends for the ETS to be a cornerstone of the UK-wide approach to decarbonisation over the coming decades. This response confirms the Authority's decision to extend the UK ETS, continuing to drive decarbonisation beyond 2030 while supporting industries in the transition to net zero by 2050.

The Greenhouse Gas Emissions Trading Scheme Order 2020 currently provides for the UK ETS to operate until the end of the current trading period on 31 December 2030 (UK ETS Phase I). To ensure that the UK ETS continues to operate after 2030, the Scheme will be extended into a UK ETS Phase II to begin on 1 of January 2031. UK ETS Phase II will run for 10 years from 1 January 2031 to 31 December 2040. This will ensure that market signals remain consistent with long-term decarbonisation goals, enabling strategic planning and long-term decarbonisation investment.

¹ [Extending the UK Emissions Trading Scheme cap beyond 2030 - GOV.UK](#)

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The Authority has also decided to allow banking of allowances² between Phases I and II of the UK ETS. Allowing interphase banking between UK ETS Phases I and II will extend the Scheme's existing flexibility provisions and give participants greater opportunity to take advantage of longer-term abatement options.

The Authority, including officials across the Welsh Government, engaged extensively with affected stakeholders including the Climate Change Committee (CCC), who supported the extension of the scheme and interphase banking.

This Authority Response relates to the extension of the scheme beyond 2030. It does not propose a specific trajectory for the UK ETS Phase II. Before legislating to extend the Scheme, the Authority will consult on the specifics of a detailed Phase II cap profile. We will seek to consult again on a specific trajectory for the Phase II cap as soon as possible. The consultation process will outline the analytical basis for the range of trajectories we are considering, and the emerging impacts of those trajectories. It will also consult on potential review points, to ensure the design and operation of the Scheme achieves our ambitious climate targets while supporting businesses to decarbonise. The Phase II cap will be set sufficiently ahead of the beginning of Phase II on 1 January 2031 to provide the required certainty for participants.

The second publication is an Authority Response to the UK ETS: Future Markets Policy consultation³, which reviewed markets policy to ensure the UK ETS remains fit for purpose and is effective in managing the risks faced by an established and maturing scheme. The response considers interactions with the announcement on 19 May 2025 that the UK and EU will work towards establishing a link between the UK ETS and the EU ETS. It confirms that changes to markets policy will only apply in the context of a domestic standalone scheme. Markets policy in a linked scheme will be determined through ongoing negotiations between the EU and the UK.

The response sets out the decision to retain and inflation-proof the Auction Reserve Price (ARP). The ARP was introduced in 2021 and currently sets a minimum bid price at auctions of £22. The response confirms that there will be an initial inflation-based increase in 2026 from £22 to £28 with a yearly increase based on inflation from 2027. This rectifies the decrease in real terms of the ARP since it was introduced and ensures it continues to provide market participants with a long-term minimum price signal.

Other existing markets policies will be maintained as further changes would require complex technical reforms which may be impacted by linking negotiations. The response reflects the policy decisions the Authority considers proportionate to support an effective standalone market while negotiations to link the EU and UK ETSs are ongoing.

The Authority, including officials across the Welsh Government, engaged extensively with affected stakeholders including the Climate Change Committee (CCC), who supported the changes to the ARP.

These rule changes will require changes to The Greenhouse Gas Emissions Trading Scheme Auctioning Regulations 2021 ("the Auctioning Regulations"), which the UK Government will take forward in The Greenhouse Gas Emissions Trading Scheme Auctioning (Amendment) Regulations 2026 by way of an enabling power within the Finance

² Banking means purchasing an allowance in a given year for surrender in subsequent years. This ensures that emissions abatement can happen at least cost, by supporting participants to meet their purchase and surrender obligations under the Scheme as flexibly as possible, while decarbonising their operations when it is cheapest to do so.

³ [UK Emissions Trading Scheme: future markets policy - GOV.UK](#)

Act 2020. The Auctioning Regulations are part of the UK ETS framework and set out the auction design, including the auction clearing price.

In accordance with the UK ETS Common Framework, the Welsh Government's stance on the UK ETS is that the financial elements are simply the mechanism by which the ultimate goal of the system – environmental protection via incentivising decarbonisation – is achieved. As the amendment to lower the auctioning allowances is being made to the Auctioning Regulations, and not primary legislation, a Legislative Consent Motion is not relevant. The amendment is being made by an SI to subordinate legislation. As the SI does not amend primary legislation within the legislative competence of the Senedd, an SI Consent Memorandum is not required under Standing Order 30A of the Senedd Standing Orders. However, I can assure you that my officials and our Legal Services will be involved in reviewing the drafting of The Greenhouse Gas Emissions Trading Scheme Auctioning (Amendment) Regulations 2026 and I will write to you again when the SI is laid, which is currently aimed for March 2026.

Overall, I believe that the UK ETS remains a highly influential policy lever in achieving net zero in Wales and provides a crucial platform for encouraging businesses to invest in and adopt decarbonisation technologies. These publications are part of ongoing developments to refine the scheme, allowing us to create more robust mechanisms that will incentivise innovation, drive emission reductions, and secure a resilient, sustainable future for Wales.

I am also copying this letter to the Chair of the Legislation, Justice and Constitution Committee.

Yours sincerely,



Huw Irranca-Davies AS/MS

Y Dirprwy Brif Weinidog ac Ysgrifennydd y Cabinet dros Newid Hinsawdd a Materion Gwledig
Deputy First Minister and Cabinet Secretary for Climate Change & Rural Affairs

Jayne Bryant AS/MS
Ysgrifennydd y Cabinet dros Lywodraeth Leol a Thai
Cabinet Secretary for Housing and Local Government

Agenda item 3.3


Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref : PO/JB/00619-25

Llyr Gruffydd MS

Chair, Climate Change, Environment and Infrastructure Committee

1 December 2025

Dear Llyr,

Thank you for your letter of 10 November regarding the draft budget for 2026–27 and progress on decarbonising Wales' existing housing stock. I welcome the Committee's continued interest in this important area.

Please find enclosed the Welsh Government's response to your questions.

Yours sincerely,



Jayne Bryant AS/MS

Ysgrifennydd y Cabinet dros Lywodraeth Leol a Thai
Cabinet Secretary for Housing and Local Government

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WELSH GOVERNMENT RESPONSE TO THE QUESTIONS FROM THE CLIMATE CHANGE ENVIRONMENT & INFRASTRUCTURE COMMITTEE (CCEI) RELATED TO THE WELSH GOVERNMENT'S DRAFT BUDGET 2026-27.

Warm Homes Programme

In April 2024, we launched the demand-led Warm Homes Nest scheme, the first phase of our Warm Homes Programme. Nest was launched as a 7-year £30m per annum scheme to tackle fuel poverty while meaningfully contributing to our efforts to decarbonise the residential buildings sector. Given the shift in emphasis in the new iteration of Nest, efforts have focused on ensuring quality delivery of that scheme before exploring further phases including scoping area-based initiatives. We are working with the Nest contractors to identify small area-based interventions which can be delivered within the scope of the contract, such as blocks of flats or streets of terraced housing. A number of other small-scale projects have been delivered in partnership with registered social landlords and local authorities. Officials have now begun scoping work on a large area-based scheme and will be taking options to the next administration.

- **What is the justification for only a 2% uplift in the capital budget given the findings of the Equality and Social Justice Committee's fuel poverty inquiry that investment in the Warm Homes Programme is "nowhere near" the level required to meet fuel poverty targets?**

A 2% inflationary uplift is being applied to each MEG which reflects the Office of Budgetary Responsibility's March inflation forecasts for 2026-27. This ensures every part of the Welsh Government begins 2026-27 with at least the same level of funding in real terms as this year. While we acknowledge the Committee's concerns regarding fuel poverty, decisions on additional investment must be considered alongside competing priorities and overall affordability within the wider capital programme. The uplift is being applied consistently across all general capital budget lines within the MEG, in line with the agreed approach to the 2026-27 budget.

The Draft Budget 2026-27 is just the beginning of the budget process – not the end. A lot will change between now and January when the Final Budget is published. Whilst a 2% inflationary uplift to general capital budgets at this Draft Budget leaves unallocated funding, it is our firm ambition to secure a Final Budget

which uses all the resources available for 2026-27 and supports frontline public services.

The Warm Homes Nest scheme is not the only solution available in Wales to tackle fuel poverty through improved energy efficiency. It sits alongside the Energy Company Obligation scheme, which operates across Great Britain and is funded by energy suppliers.

We continue working with the Welsh Local Government Association and are leveraging as much funding as possible into Wales from GB-wide schemes and ensure support is available to those most in need. For example, the ECO flex scheme is available in every local authority in Wales. This will ensure broad access to the scheme for households across Wales and that Welsh householders get their fair share of this funding.

- **What is your estimate of the number of households you will support through the programme in 2026-27, and how does this compare to previous years?**

The Nest scheme will aim to support the annual target set out in the original policy document, which was 1500 homes, recognising the scheme is demand-led. Some funding is also being used to remediate poorly installed external wall insulation in Arfon. We expect the 2% budget uplift to cover increased costs for labour and materials.

A conscious decision was taken to move to a whole house approach, and a low carbon first policy, when we launched this iteration of the Nest scheme. Recognising the costs of this approach are higher, we are working with our contractors to seek efficiencies where possible without impacting on the quality of our delivery.

The full data on 2024-25 Nest delivery will be included in the annual report, which we aim to publish before the end of the year.

The last year of the previous iteration of Nest (2023-24) supported 4,816 households from a budget of £39 million including supplementary allocations. This data includes some projects started in 2023-24 and finished during 2024-25, in parallel to mobilising the new scheme.

- **How are you working with the Cabinet Secretary for Social Justice to balance the need to decarbonise homes through deeper retrofits with the urgent need to tackle fuel poverty?**

The contract with the Nest delivery agent requires reductions in both energy bills and carbon emissions for each individual home, as well across the scheme as a whole; The most cost-effective interventions are recommended to deliver these dual benefits.

An example of this balance is our agreement to switch out energy inefficient gas boilers with ultra-efficient, modern replacements where heat pumps are not a suitable solution. This is a relatively low-cost intervention, but its carbon and bill saving impacts are significant.

The Nest scheme official-level steering group includes representatives from Communities and Tackling Poverty and Climate Change. The group monitors progress and agrees any changes required to meet the dual outcomes of the scheme.

- **Are you still content with the current approach of an increased budget cap per household providing deeper retrofits to a lower number of households than previous years?**

The new Nest scheme encompasses efficient energy efficiency measures which will enable people to heat homes at a lower cost. These measures also align with the Welsh Government's decarbonisation targets. To date, we are confident we have not spent excessively on any property, and our interventions are proving cost-effective. We aim to publish the 2024-25 Nest annual report before the end of the year.

- **What impact will this approach have on progress towards fuel poverty and climate change targets?**

The cost of energy is considerably higher than before the price surge exacerbated by Russia's war in Ukraine. This has resulted in an estimated 25% of households in Wales living in fuel poverty compared to 14% before the price surge.

The greater the level of energy efficiency intervention through deeper retrofit or the application of technology such as solar PV, the higher the bill savings. This ensures that we not only lift people out of fuel poverty but protect them from future energy shocks. We are working with the Nest retrofit coordinators to ensure the suite of interventions suggested for each home delivers benefits to the occupiers.

The modelling conducted in developing the business case estimates the current approach to the Nest scheme should deliver a total of 2.11 million tonnes reduction in Carbon Dioxide emissions over the lifetime of the assets installed by the scheme; this figure is the total saving from installations over the 7-year duration of the

scheme. The greatest impact on emissions from residential buildings will come from the switch to low carbon heating. However, the unit cost of electricity means this is not always the most appropriate solution from a fuel poverty perspective. In these instances, a pragmatic approach is adopted. Deploying extremely efficient gas boilers alongside insulation is often a cost-effective solution to reduce emissions and lower energy bills as much as possible in the short to medium term. The inclusion of solar PV systems where appropriate has also allowed households to generate their own renewable energy, contribute to our energy security and manage their bills.

- **Can you provide an update on work to develop an area-based scheme as part of the programme?**

Officials are developing options for decarbonising within geographical areas, as a complementary approach to the demand-led Nest scheme. Considerations include the geographical spread of energy inefficient housing, potential technology solutions and impacts on economies of scale. They are also taking into consideration the large number of area-based schemes already completed through Arbed, which benefitted from EU funding no longer available to us. Options on a future area-based scheme will be put to the next administration.

In the meantime, we have already supported some schemes with specific technical needs. For example, we are funding work at a British Iron and Steel Federation estate in Cardiff.

Our Optimised Retrofit Programme has funded some social landlords to offer retrofit on an area basis where there are significant numbers of social homes alongside houses of other tenures. This option is available to any social landlord when they are assessing potential schemes.

- **Can you confirm the level of any Barnett consequential received as a result of the UK Government's investment in its Warm Homes Plan and how this is reflected in your budget?**

The Warm Homes Plan has not yet been published, and we look forward to seeing the details of funding across interventions and the split between financial years at that time.

- **What consideration has been given to ring-fencing any consequential for investment in this programme?**

The Welsh Government does not ring-fence Barnett consequential for the same purpose as the originating UK Government programme. While changes to funding in England for devolved programmes result in adjustments to our block grant through the Barnett formula, these changes do not determine how the block grant is spent. Decisions on allocating the Welsh Government's budget - which includes the block grant, devolved taxes, and capital borrowing - are made by Welsh Ministers with the Senedd's approval. Where there is a case for using consequential funding for similar purposes, Welsh Ministers will allocate it in line with their priorities as part of the appropriate budget process.

Tackling fuel poverty is a priority for this government and we will carefully consider any consequential funding in this context, once the details are available.

Residential decarbonisation and quality

- **How much of the total capital funding has been allocated to the Optimised Retrofit Programme (ORP) for 2026-27?**

No decision has yet been made, I will consider advice from officials and will make an announcement in due course.

- **How is the ORP being evaluated and how is this being used to inform policy options ahead of Carbon Budget 3?**

We have commissioned a social research organisation to conduct a formal evaluation of the Optimised Retrofit Programme. This includes quantitative and qualitative research. The researchers are conducting a cost-benefit analysis of the programme and an assessment of the costs and benefits of different packages of interventions funded under the programme. Alongside this work, we have also invited social landlords and their tenants to participate in a survey, interviews and focus groups.

We will use the outputs of the research, which we intend to publish in 2026, to inform future policy to reduce emissions during Carbon Budget 3 (2026-2030).

We are also collecting case studies to demonstrate the benefits that can be secured through good practice installations as well as examples of challenging projects and the steps taken to overcome difficulties.

- **How many households has the Green Homes Wales scheme supported to date, what is the average loan value and how many households do you estimate the scheme will support in 2026-27?**

The Green Homes Wales pilot scheme supports owner-occupier households to improve energy efficiency and reduce carbon emissions through affordable finance. Since applications opened in autumn 2023, 723 retrofit assessments have been completed, providing households with the information they need to take decisions around investment. A further 143 assessments and 110 applications are in progress.

The average loan value on projects to date is £15,386. By the end of the financial year 2025–26, we expect to have completed around 1,000 retrofit assessments and 230 retrofit projects. With the 2% uplift in funding included in the 2026–27 draft budget, similar delivery levels are anticipated next year.

Rebecca Evans AS/MS
Cabinet Secretary for Economy, Energy and Planning
Ysgrifennydd y Cabinet dros yr Economi, Ynni a Chynllunio



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: MA/RE/2948/25

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

2 December 2025

Dear Llyr,

Thank you for your letter regarding the scrutiny of the Welsh Government's 2026-27 Draft Budget. The Draft Budget was published in two stages. The Outline Draft Budget 2026-27 (Stage 1) was published on 14 October 2025, and the Detailed Draft Budget 2026-27 (Stage 2) on 3 November 2025.

The enclosed paper provides detail of the Economy, Energy and Planning MEG's plans as set out in the draft budget, and information on the specific areas requested by the Committee.

Yours sincerely

Rebecca Evans AS/MS
Cabinet Secretary for Economy, Energy and Planning
Ysgrifennydd y Cabinet dros yr Economi, Ynni a Chynllunio

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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.



Climate Change, Environment, and Infrastructure Committee

Evidence Paper on Draft Budget 2026-27 – Economy, Energy and Planning Main Expenditure Group (MEG)

26/11/2025

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1. Energy

Green Energy

Can you set out which specific projects and programmes are supported under the green energy BEL? What will the uplift in the resource budget fund?

The Green Energy BEL within the Economy, Energy and Planning MEG support policy development and programmes that are contributing to the Welsh Government's target, to generate enough clean electricity from renewable sources to meet the equivalent of Welsh electricity demand by 2035, and for at least 1.5 GW of renewable energy generation capacity to be locally owned by 2035.

The Green Energy BEL currently supports:

Local Energy Planning and Regional Energy Delivery Teams

Wales is the first part of the UK to achieve nationwide coverage of whole-system Local Area Energy Plans (LAEP). The Welsh Government has provided support to enable all 22 local authorities to produce a LAEP for their area, ensuring every part of Wales has a clear view of the ways in which they can deliver a clean, reliable energy system.

The Welsh Government worked with the four regions and all local authorities, using a methodology designed by Energy Systems Catapult (ESC), who acted as technical adviser across the programme. This ensured consistency, technical rigour, and a whole-systems approach. The plans cover energy efficiency, heat decarbonisation, renewable generation, and network requirements, and show the scale of the change needed. They also propose options for delivery. The regional and local teams will need further resource to develop investable projects.

The Green Energy BEL funds regional energy delivery teams who are tasked with overseeing and helping cross sector delivery of the plans.

Trydan Gwyrdd Cymru

Welsh Government established the first state owned renewable energy developer in the UK. Trydan Gwyrdd Cymru (Trydan), established in 2024, is working towards delivering an additional 1GW of renewable generated clean energy for Wales by 2040, ensuring that more of the benefits of energy generation are retained in Wales. The Energy Division is the partnership team for Trydan.

Trydan has assessed the opportunities on the Welsh Government Woodland Estate and has a pipeline of potential projects, with six in active development. The first three projects were launched on 10 July 2025 and the Trydan team are now developing detailed environmental assessments, engineering work and public engagement, leading up to submission of planning applications, probably in 2027:

- Glyn Cothi Wind Farm, Carmarthenshire, up to 162 MW

- Clocaenog Dau Wind Farm, Denbighshire, up to 132 MW
- Carreg Wen Wind Farm, Rhondda Cynon Taf, up to 108 MW

In total the sites could generate 400 MW of power, with the potential to generate up to 400 MW of clean electricity – enough to power 350,000 Welsh homes' annual average electricity needs. That is around a quarter of the homes in Wales.

A further solar site on Welsh Government land will be announced shortly. Trydan will be an exemplar renewable energy developer, retaining value in Wales, listening to local communities, and delivering improvements to the local environment.

Welsh Government Energy Service

The Welsh Government Energy Division, in partnership with the Climate Change Division, administers and delivers the Welsh Government Energy Service (WGES). The Energy Division manages the support to community energy development plans and strategic support to energy plan delivery.

WGES provides support to communities through development officer support and access to the Local Energy Loan Fund (LEF) and the Local Energy Grant Scheme (LEG). LEF was established in 2016 to provide development and construction loans to communities and is operated for us by the Development Bank of Wales. LEG was established in 2021 to complement the LEF, as many small-scale projects are not commercially viable. The grant enables the environmental and social benefits of these schemes to be delivered. The combined offer of grant and loan provides a flexible financial offer. Local Energy Grants, and the Local Energy Fund, are primarily focused on supporting community organisations, social enterprises and local ownership models.

Community Energy Wales (CEW)

Welsh Government provides core grant funding to CEW, a not-for-profit membership organisation that supports and represents community energy (CE) projects in Wales. Ynni Teg (YT), the developer arm of the partnership, was established to act as a developer for communities unable to develop projects themselves, particularly in more deprived areas. CEW works alongside the Welsh Government Energy Service (WGES) and Ynni Cymru, providing different and complementary support to communities. While WGES provides groups with technical support and access to funding and Ynni Cymru works with projects on innovative business models, CEW represents and develops the sector, providing support and challenge to raise the collective ambition.

Policy Support

The Green Energy BEL funds evidence production, such as the Energy Generation in Wales and Energy Demand in Wales reports, which provide information on demand and use of energy at a Wales level.

The Green Energy BEL has received an uplift of £33,000 in 2026-27 compared to the 2026-27 revised baseline to support pay and National insurance contribution costs.

What are the resource and capital budget allocations for Trydan Gwyrdd Cymru?

The overall revenue allocation for Trydan Gwyrdd Cymru in financial year 2025-26 is £6,447,268. We expect to allocate Trydan similar levels of funding for financial year 2026-27. There is no capital allocation for Trydan in financial year 2026-27 as funding for next year is expected to be revenue only. Welsh government will work with Trydan to ensure effective allocation of this revenue funding across the portfolio to maximise project progress within the budget, depending on development needs, access to supply chains and feedback from consultees.

What are the specific allocations for each of the three projects announced to date?

The three projects announced so far are part of a bigger portfolio of potential developments that Trydan are exploring. Reflecting this wider work and that project development costs are commercially sensitive, it is not appropriate currently to publish detailed project level costs.

You've previously stated you expect to see a rise in the number of renewable energy projects successfully bidding for Contracts for Difference. How do allocations under the Green Energy BEL support this?

The Green Energy BEL does not directly fund projects bidding for Contracts for Difference. Projects who choose to pursue Contracts for Difference do so independently of Welsh Government support or financial assistance. However, the Green Energy BEL funds the Renewable Energy Sector Deal, which Welsh Government is working on with renewable developers and other stakeholders, to develop a shared approach to more streamlined and beneficial delivery of renewables in Wales.

Ynni Cymru

How do the budget allocations reflect the Welsh Government's ambition for 1 GW of renewable energy generation capacity to be locally owned by 2030?

The targets set by Welsh Government for 1 GW of locally owned generation is close to being achieved, which is why Welsh Government has increased the ambition to 1.5 GW by 2035. The last Energy Generation in Wales report, using 2023 data, stated that 899 MW of electricity and heat generation was owned locally in Wales. The support of the Welsh Government Energy Service, Ynni Cymru and Community Energy Wales, alongside the hard work of the local project owners, all contribute to the achievement of this target.

How many community renewable energy projects do you intend to support through Ynni Cymru in 2026-27?

Welsh Government has offered support to 48 new smart local energy projects in 2025-26 through Ynni Cymru. The aim is that Welsh Government would be able to support a similar number of high-quality applications in 2026-27.

Welsh Government Energy Service (WGES)

What is your current assessment of progress towards a net zero public sector by 2030, do you still expect this ambition to be achievable?

Decarbonising the public sector remains a top priority for Welsh Government. The Net Zero 2030 ambition has stimulated significant action and leadership across public bodies, driving systematic change and quantifiable benefits across estate, fleet and land use. Progress to date demonstrates what is achievable to others across Wales, role modelling and influencing wider change as well as building market capability and capacity.

We remain committed to driving this ambition through initiatives such as the Welsh Government Energy Service and continue to work collaboratively with the public sector. We look forward to the findings of the Audit Wales follow-up report next year on Public Sector Readiness for Net Zero Carbon by 2030 to inform our future planning.

Given that the budget for the WGES sits with the Deputy First Minister and Cabinet Secretary for Rural Affairs, how are you working to ensure alignment with your priorities and to avoid duplication?

I work very closely with The Deputy First Minister and Cabinet Secretary for Climate Change to align our activities across our portfolios. Our respective departments work in partnership to agree the delivery priorities of the Welsh Government Energy Service to ensure our priorities are aligned and to avoid any risk of duplication.

National Infrastructure Commission for Wales (NICW)

As in previous years, the NICW has been allocated £400,000 from the Planning and Regulation BEL. Following your review of the Commission, you have stated that “the future role and structure of the commission” will be for a new Welsh Government to consider.

Can you confirm whether the NICW has been allocated funding for 2026-27, and if so, what the total allocation is and where this sits within your budget?

For financial year 2026-27 the NICW budget is continuing to be allocated £400,000, pending the outcome of decisions about the future of the Commission being taken by the next Welsh Government. This sits within the Economy, Energy & Planning MEG, as part of the Planning and Regulation Expenditure budget, BEL 2250.

Whether the extension to the existing Commissioner's terms to September 2026 is being funded from any new allocation for 2026-27 or from underspend in previous years.

The £400,000 budget allocated within the Planning and Regulation Expenditure BEL 2250 in financial year 2026-27 includes Commissioners fees as it has done since NICW was refreshed in financial year 2021-22.

2. Ports and Airports

Ports

Your December 2024 paper to us, responding to our questions on the 2025-26 draft budget, highlighted that your budget was supporting development of a Maritime and Ports Strategy, alongside a Freight Strategy - both for publication “before the end of this Senedd term”. With this in mind, can you: provide an update on the development of both strategies;

We recognise that the plan is overdue, but with the closure of the port of Holyhead just before Christmas last year and its clear impact on the industry, it was imperative that we reacted to that priority and waited for the conclusion of the Cabinet Secretary for Transport and North Wales’s Irish Sea Taskforce (set up as a response to that closure) before starting on this plan. The sixth and final taskforce meeting, to consider and agree the Taskforce’s recommendations concluded on 20th November. As a result of the Irish Sea taskforce and the Debate on the Economy, Trade and Rural Affairs Committee report: **Holyhead Port Storm Damage and Closure - Initial Findings in July**, it became apparent that stakeholders would prefer Government to publish a joint Freight and logistics plan, and ports and maritime strategy. As a result, one of the key recommendations of the Irish Sea Task force is for the Welsh Government to publish a set of priorities for a port and maritime, freight and logistics plan before the end of Government term in preparation for the next government. As part of that work, it will also establish a freight council and a truck stop mapping exercise for Wales which will be published in the new year.

Preparatory work for the plan has already commenced. The Cabinet Secretary for Transport and North Wales and I have agreed to a draft scope for the work, following internal consultation. The scope is currently being refined following external consultation and feedback from key stakeholders. This scoping document will then be developed into a set of priorities. Before the end of Government term, we will publish this set of priorities for the port and maritime, freight and logistics plan in preparation for the next Government.

The published document will enable the next Government to clearly see what the priorities of the sector are and be able to move them forward as the preparation work will be done.

We have also agreed to the recommendation to bring forward the creation of a new Welsh Logistics Council and commission consultants to undertake the mapping of current roadside facilities and frequently used Heavy Goods Vehicles (HGV) parking locations in Wales.

We are currently developing some preparatory work on the formation of a Welsh Logistics Council. We see the Welsh Logistics Council as a natural follow on from this taskforce. We do expect there to be the flexibility and ability to make changes to the membership even after the first meeting. The Council remit is likely to be wide ranging therefore flexibility is key. We hope to be able to update Committee on the membership soon.

Outline how your draft budget allocations will support delivery of these during 2026-27, including details of the relevant BEL(s) and how the allocations are being / will be prioritised to reflect the content of the strategies?

Funding allocation for the full development of the port and maritime, freight and logistics plan cannot currently be quantified, until we have finalised the scope of the work following external feedback. We have agreed to a set of priorities and associated costs to develop the plan. This will be handed over to the next Government to consider, taking forward the plan and allocating budget for its full development. The mapping of current roadside facilities expenditure of up to an estimated maximum of £100,000 excluding VAT, for financial year 2025-26 will come from the Cabinet Secretary for Transport and North Wales existing revenue budget for National & International Connectivity BEL 1883 within the Transport MEG.

The total revenue budget for the National & International Connectivity BEL 1883 is £4.1m in financial year 2025-26. Any additional unquantified consultancy work needed between now and publishing the set of priorities will be allocated from this BEL. This will continue to be monitored during the remainder of the 2025-26 financial year.

Cardiff Airport

How the draft budget allocations within your portfolio will support the development of Cardiff Airport, and specifically delivery of the long-term strategy?

The draft budget allocations for financial year 2026-27 will support the airport by attracting and growing aviation and aerospace businesses linked to the Airport and supporting a targeted programme of air service development, with a focus on passenger connectivity to a small number of global air hubs and economic centres of importance to Wales.

Confirmation of which BEL(s) within your MEG include allocations for the Airport subsidy package?

The Cardiff International Airport BEL 1240 within the Economy, Energy and Planning MEG will be used to provide allocations for the Airport subsidy package.

Details of how the first £20m tranche of the Airport subsidy package, allocated in 2025-26, is being spent, including how this is split between the two “packages”, how its impact is being evaluated and how the Airport is being performance managed based on the results of that evaluation?

An indicative forecast has been provided to us by the Airport for how the first £20m tranche of the airport subsidy package, allocated in financial year 2025-26, is going to be spent, including how this is split between the two packages.

- £17.2m has been allocated for capital investments under: Package 1: Non-passenger business development & enhancement,
- £2.8m has been allocated for revenue investment under; Package 2: Commercial passenger air route development.

- The terms of the grant agreement for the investment package require the Airport to provide a financial report, on a six-monthly basis, to include but not limited to the details of their actual expenditure of the funding for the previous 6 months for both Package 1: Non-passenger business development & enhancement, and Package 2: Commercial passenger air route development. This information will be used to evaluate the use of the funding and overall progress towards the targets set out in the grant agreement.
- We are yet to receive or evaluate the airport's first six-monthly report.

Details of how the evaluation of the 2025-26 subsidy allocation will inform the approach to the 2026-27 allocation?

The grant agreement contains an indicative payment profile for the investment package over the next 10 years. The annual budget allocation will be monitored closely as part of the airport's six-monthly monitoring reports. We have the right to review the terms and conditions of the airport's grant agreement from time to time and consider any necessary and/or reasonable amendments variations or additional requirements, and these may include adjustments to the annual budget allocations.

How the 2026-27 allocation will be split between the two packages?

This will be determined once we have evaluated the airport's first six-monthly report when they will include details of their estimated expenditure of the funding for the next 6 months split between the two packages.

In the light of the Director General's comments, how you are assessing and managing the legal risk to both the subsidy package and the development of the Airport, including your approach to contingency planning?

I recognise that Committee members will have many questions regarding the implications for the Airport's future arising from this legal challenge. However, as the Welsh Government is now in a litigation process, Ministers will be limited in what they can provide to the Senedd and its Committees in terms of updates and responses to questions. It is imperative that we let the independent legal process run its course in proper order. This accords with the substance of the Senedd's guidance on preparing written evidence.

I will respond to Committee's outstanding question and separately update the Senedd when we have clarity over the outcome of the challenge.

Planning

Resource funding for the Planning and Regulation Action has increased slightly from £8.91m to £9.02m. The Detailed Draft Budget Report 2026-2027 states that £5.1m is allocated to tackling capacity and delays in the planning system and that investment will continue in a planning service provided by Welsh Government, Natural Resources Wales (NRW) and local planning authorities (LPAs). It also states planning application fees have increased by an average of 50%.

Is the whole of the £5.1m included within the £9.02m allocated to Planning and Regulation? If not, could you provide a breakdown of where the funding comes from?

The additional funding provided in 2025-26 to tackling capacity and delays in the planning system has been incorporated into the 2026-27 baseline budget of £9.02m.

What assessment have you made of the impact of the £5.1m on tackling capacity and delays in the planning system and what are the expected outcomes?

The funding allocated as part of this Draft Budget has been targeted to areas of constrained capacity, whole system improvements and supporting collaborative regional working. In addition, the significant uplift in planning application fees from 1st December 2025 will provide a permanent increase in resources available to local planning authorities. Further details of the actions to be taken within the programme of work are provided below.

Several of the actions require the recruitment of additional staff to address known constraints. Recruitment has been undertaken this financial year. It will take time for the recruitment to feed through into service improvements. Similarly, some of the whole system improvements are at initial stages and will take time for benefits to be realised.

To ensure that system improvements can be measured in future the Wales Planning Performance Framework has been reintroduced for the 2025-26 financial year.

What actions will be taken within this programme of work?

The following actions on resources will be undertaken:

Royal Town Planning Institute Research (RTPI)

- Ensuring that Wales has enough planners with the right skills in the right areas is fundamental to the delivery of our policies. We have commissioned the Royal Town Planning Institute to undertake a piece of work on 'workforce planning'. It will provide a detailed picture of the capacity, resource, and skills situation across public sector planning services. This includes local planning authorities, *Planning and Environment Decisions Wales*, and Natural Resources Wales and our own Planning Directorate. The report will be published by the end of the year. This is an important piece of research that will enable us to develop a strategy to improve the capacity and resilience of our planning services and will ensure our resources are directed to where they will have the most impact.

Bursaries – Pathways to Planning

- Ensuring that Wales has enough planners with the right skills in the right areas is fundamental to the delivery of our policies. To increase the pipeline of planners, we approved £143,000 last financial year for Town Planning Bursaries via the Pathways to Planning Scheme which is being administered by the WLGA on our behalf.

- We are also committed to funding additional bursaries next financial year. We are currently in the process of ascertaining the demand within local planning authorities.
- With the fee increases to coming into force by the end of the year, we expect local planning authorities to re-invest additional fee income back into their services and to register for the Pathways Scheme to maximise the opportunities offered by Government funding. Staff costs can be met from the uplift in planning fees, and we will meet the costs for graduates to obtain a post graduate planning qualification.

Regional Planning Strategic Development Plans / Joint Planning Skills Hubs –

- We have provided funding (£110,000) for two Senior Planner roles to work on infrastructure applications across the North Wales Region. We encourage local planning authorities and Corporate Joint Committees (CJCs) to consider similar proposals to maximise the benefits of shared skills and services considering the current resourcing, recruitment and skills challenges.
- We have approved £400,000 to incentivise and ‘kick start’ Strategic Development Plan preparation this financial year.
- S.E. Wales have formally commenced preparation of the Strategic Development Plan. North Wales are following suit and have recently completed consultation on their draft Delivery Agreement with a final DA anticipated within this financial year. Collectively, the two regions have claimed the £400,000 to stimulate plan progression.
- We are considering funding to incentivise other Strategic Development Plans coming forward.

As referred to above funding has been targeted to areas of constrained capacity, whole system improvements and supporting collaborative regional working. Key actions include:

- Commissioned the Royal Town Planning Institute to undertake a piece of work on ‘workforce planning’. It will provide a detailed picture of the capacity, resource, and skills situation across public sector planning services. This includes local planning authorities, Planning and Environment Decisions Wales, and Natural Resources Wales and our own Planning Directorate. The report will be published by the end of the year. This is an important piece of research that will enable us to develop a strategy to improve the capacity and resilience of our planning services and will ensure our resources are directed to where they will have the most impact.

Prior to the completion of the workforce planning exercise, to immediately increase the pipeline of planners, we have provided £143,000 last financial year for Town Planning Bursaries via the Pathways to Planning Scheme which is being administered by the WLGA on our behalf. We are also committed to funding additional bursaries next financial year. With the fee increases to coming into force by the end of the year, we expect local planning authorities to re-invest additional fee income back into their services and to

register for the Pathways Scheme to maximise the opportunities offered by Government funding. Staff costs can be met from the uplift in planning fees, and we will meet the costs for graduates to obtain a post graduate planning qualification. The funding will be met from Planning & Regulation Expenditure BEL 2250.

To explore the role of digital and AI to improve efficiency of planning services we have commissioned the Centre for Digital Public Services CDPS identify operational delivery and user experience improvements. An alpha build of a standardised pre-application service, based on best practice examples, has been completed and shared with planning authorities. The first two cohorts of digital training and user-centred design were delivered in November 2025. Work has commenced on identifying a baseline for shared data principles and standards which will be necessary to inform future collaboration.

To support regional delivery, we have provided funding for two Senior Planner roles to work on infrastructure applications across the North Wales Region. We have funding available to support additional initiatives from local planning authorities and Corporate Joint Committees (CJCs) to maximise the benefits of shared skills and services considering the current resourcing, recruitment and skills challenges.

Building Capacity in Planning and Environment Decisions Wales

An element of Planning and Environment Decisions Wales's budget has been used to increase their capacity to deal with the rise in applications for infrastructure projects alongside other increases to planning and environmental casework. Specifically, 15 (FTE) additional posts have been introduced, with recruitment completed or well underway.

This investment in staff resources will enable Planning and Environment Decisions Wales to continue to speed up end-to-end decision times for Infrastructure Casework and introduce better pre-application and validation services to improve the quality of applications progressing to examination.

The new Infrastructure Consenting regime comes into force in December 2025. The additional staff resource will help Planning and Environment Decisions Wales to plan and prepare for this new casework type.

Planning and Environment Decisions Wales is preparing for a surge in Local Development Plan Examinations by recruiting and training additional Inspectors to undertake this work. From 1 or 2 a year, Planning and Environment Decisions Wales currently has 3 LDPs at Examination with Cardiff's LDP anticipated before the end of the year and at least 5 more in 2026.

The budget is funding improvements to Planning and Environment Decisions Wales Casework Portal to enable all parties better digital services for appeals and applications submitted to the Welsh Ministers.

How will the £5.1m funding and actions be shared across the Welsh Government Planning Division, Planning and Environment Decisions Wales (PEDW), NRW and LPAs?

Funding allocations for 2026-27 have been set in line with previous years, with resources directed primarily towards two key areas: Planning and Environment Decisions Wales, and Planning & Regulation Expenditure (BELS). Details of the specific areas of expenditure are outlined in the preceding section.

In addition to the system improvements and regional collaborative funding highlighted above which will mainly benefit local service delivery a small portion of the budget will be utilised to strengthen casework capacity within Planning Directorate two additional Senior Planning Managers have been recruited. Capacity issues remain however due to a lack of qualified town planners applying for the external recruitment campaigns. Internal promotions also mean significant vacancies still exist within our casework processing team. We are actively recruiting to fill the remaining vacancies.

Specific funding within the CCRA MEG is allocated to the Natural Resources Wales grant in aid BEL to allow the continued support and enhancement of specific work streams in ensuring the acceleration of Natural Resources Wales 's determination of infrastructure and planning decisions.

What assessment have you made of the impact of increasing planning application fees by an average of 50% on developers and planning authorities?

New Fee Regulations came into force on the 20th October and were supported by a Regulatory Impact Assessment (RIA) which considered the impacts of the fee increase on developers and planning authorities. The new fee regime will take effect on 01st December 2025 which will enable the Government to address the existing deficit between the cost of determining applications and the income received for providing this service by making provision for a more fair, effective, and efficient system of updating and publicising fees.

Fees have been increased by an average of 50% for most application types plus, a 32% fee increase for pre-application services, and a 23% fee increase for those categories not covered by the ARUP research. Following this increase, fees will be updated annually by 10% (plus inflation) until Full Cost Recovery (FCR) is achieved. After this point, fees will be adjusted according to inflation. Most application types will achieve FCR within 3-5 years. This marks the largest investment in our planning services in recent years.

The timeframe for reaching FCR has been carefully considered. Most application types will reach FCR within 3 years, while the remaining types will do so in approximately 5 years. This approach involves modest and incremental fee increases, progressing towards the goal of FCR. It aims to balance ensuring applicants can plan for and absorb these costs, while also providing financial relief to struggling local planning authorities.

The RIA explains that currently, planning application fees received as a proportion of the development management service income range from 17% - 62%. The 'fee gap' is generally larger in smaller and more rural authorities who do not receive larger applications to subsidise the service. It will take time for the forthcoming fee increases to impact on the resilience and capacity of local planning authorities services and for services

to recover from the current base line. Fee increases are not expected to completely close the 'fee gap' in all local planning authorities, but it will help to reduce it significantly.

Over time, the fee increase will significantly increase local planning authorities resources and place them on a more sustainable financial footing, resulting in more effective and faster planning decisions.

Agenda Item 3.4

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Your ref:

1st December 2025

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

Senedd
Cardiff Bay
Cardiff CF99 1SN

Dear Sir

Wales Flood and Coastal Erosion Committee
Flood Insurance – A Wales Perspective – Consultation Report & Proposals

I am pleased to enclose for your consideration a report which was agreed by our Committee at its meeting on 20th November. The report (para 10.5) does include references to the recent report from your Committee “The Response to Recent Storms.” I hope that you will find the report helpful in future deliberations on this important matter.

Please don't hesitate to contact me if I can be of further assistance.

Yours sincerely



Martin Buckle
Chair, Wales Flood and Coastal Erosion Committee

Wales Flood and Coastal Erosion Committee

‘Flood Insurance – A Wales Perspective’

Consultation Report and Resultant Proposals

November 2025

Karen Potter

Wales Flood and Coastal Erosion Committee Member

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List of Acronyms

ABI	The Association of British Insurers
BBB	Build Back Better
BcR	Benefit-Cost Ratio
BRC	The British Red Cross
CCC	Climate Change Commission
CIWEM	The Chartered Institute of Water and Environmental Management
EA	The Environment Agency
FCERM	Flood and Coastal Erosion Risk Management
FPCs	Flood Performance Certificates
FRM	Flood Risk Management
LLFAs	Lead Local Flood Authorities
NFF	National Flood Forum
NFM	Natural Flood Management
NRW	Natural Resources Wales
PCWs	Price Comparison Websites
PFR	Property Flood Resilience
RCG	Rivers and Coastal Group
SAB	SuDS Approval Body
SME	Small or medium sized enterprise
SuDS	Sustainable drainage systems
TAN	Technical advice note
VCS	Voluntary and community sector
WFCEC	The Wales Flood and Coastal Erosion Committee
WG	Welsh Government

1. Background

1.1 ‘Insurance and Flood Re – A Wales Perspective’ (2024)¹ reflected on the current status and limitations of flood risk insurance - within, outside of and beyond Flood Re arrangements. The draft report stemmed from the earlier work of two sub committees. Firstly, the ‘Resources for Flood & Coastal Erosion Risk Management in Wales’ Final Report (2022)² prepared by the Resources Sub-Committee, in which Proposal 18 recommended that dialogue be progressed with the insurance sector to develop its role in the uptake of property level resistance and resilience. Secondly, the report ‘The Case for Change in Legislation and Associated Policy on Flood & Coastal Erosion Risk Management in Wales’ (2023)³, prepared by the Policy and Legislation Sub-Committee, had also recommended engagement with Flood Re and the wider insurance industry on standards for building back better after flooding events.

1.2 The draft report ‘Insurance and Flood Re – A Wales Perspective’ (2024) raised a number of questions, seeking to address the current limitations and inequalities of insurance arrangements. It thus provided an opportunity to return to initial consultees (who had previously responded to the Resources Report) in addition to other interested parties and seek views. The consultation ran 6 weeks from 4/2/25 to 18/3/25. Representatives from the following organisations and bodies have responded: the Association of British Insurers (ABI); the British Red Cross; the Chartered Institute of Water and Environmental Management’s Rivers and Coastal Group (CIWEM RCG); Flood Re; the National Flood Forum (NFF); One Voice Wales (the national representative body for community and town councils in Wales); South West Wales Flood Risk Management (FRM) Group and Wales Coastal Groups Forum.

1.3 Following the synthesis of general comments on the report’s findings (section 2), the responses to the consultation exercise are collated thematically in sections 3 to 9. These include consideration of the degree of support from the consultees to each of the seven questions raised, bringing additional information or insight into insurance and property flood resilience issues. In the period between the initial consultation exercise on ‘Insurance and Flood Re – A Wales Perspective’ (2024) and this response, there have been a series of developments regarding flood insurance, that have implications for the potential routes moving forward. Hence section 10 briefly sets out developments across: WG’s update to the Technical Advice Note 15 (TAN15): Development, Flooding and Coastal Erosion⁴; the Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs detailed response to the NICW report ‘Building Resilience to Flooding in Wales by 2050’; the Climate Adaptation Strategy for Wales⁵ and the UK Government’s new ‘Floods Resilience Taskforce’. Finally, section 11 sets out summary proposals and potential routes forward.

¹ [Insurance and Flood Re: A Wales perspective \[HTML\] | GOV.WALES](#)

² [Resources for flood and coastal erosion risk management in Wales: final report | GOV.WALES](#)

³ [The case for change in legislation and associated policy on flood and coastal erosion risk management in Wales: final report | GOV.WALES](#)

⁴ [Technical Advice Note 15: Development, flooding and coastal erosion](#)

⁵ <https://www.gov.wales/sites/default/files/publications/2024-10/climate-adaptation-strategy-for-wales-2024.pdf>

2. General Comments

2.1 Echoed Concerns

2.1.1 The National Flood Forum (NFF) found the report echoed much of what they find, given their experience when talking to flooded and at-risk people. The NFF reported that they are witnessing more and more people from the categories exempted from Flood Re coming forward, seeking support and advice. The NFF have also noted increasing concern amongst their communities about what is going to happen when Flood Re comes to an end. As most mortgages now outlast the lifetime of Flood Re, the NFF are not seeing evidence that the market will pick up the mantle after the scheme ends, and believe it is critical that we discuss now what comes next after Flood Re.

2.1.2 The British Red Cross (BRC) cited their own key findings regarding the challenge of insurance cover from a UK poll of 3300 people across the four nations of the UK, finding that⁶:

- Of households flooded in the last 5-years, 56% had contents insurance and 51% had buildings insurance
- Of the households who had never been flooded, 75% had contents insurance and 67% had buildings insurance

The BRC felt these findings evidence the “consequences of insurance premiums rising after a flood event, potentially leading to a situation where those who have experienced flooding are less likely to be able to afford insurance cover than those in homes that have never flooded”. Consequently, the BRC “urges government, both national and local, to target resources for flood resilience and recovery effectively for those who need them most”. They further note that “areas that are both low-income and have previous experience of flooding are the most likely to contain uninsured households and should be placed at the front of the queue for publicly funded resilience and recovery support initiatives”.

2.1.3 The report was well received from stakeholders outside of the insurance industry, for example: “eye opening” (Wales Coastal Groups Forum); allowing a contribution to an important agenda (One Voice Wales) and more generally, that it is insightful and a good read (CIWEM RCG).

2.2 Response from the Insurance Industry: The ABI and Flood Re

2.2.1 The ABI referred to Government responsibilities, stating “a fundamental tenet of insurance is that it puts policyholders back in the financial position they were in before damage was sustained. It is not primarily intended to improve recovery and property resilience and so the Build Back Better initiative is a significant step for the industry. Insurers are supporting customers to enhance their property’s resilience after a flood but, as this report acknowledges, the role of the insurance sector in promoting flood resilience must be aligned with the work of government”. The ABI further stressed that “it is the responsibility of both the UK and the Welsh Governments to invest in flood defence maintenance and infrastructure and ensure the planning system reduces inappropriate development in high flood risk areas”.

2.2.2 Flood Re’s response restated the initiative’s context, that 500,000 UK homes have benefitted from the partnership model’s operation, by sharing risk between Flood Re and the commercial insurance and re-insurance markets. However, Flood Re stressed that the scheme’s balance is fundamentally challenged by climate change, that “increasing numbers of countries are finding

⁶ The British Red Cross Poll on Vulnerability and Resilience: Public Awareness and Perceptions of Flood Risk in the UK - <https://www.redcross.org.uk/about-us/what-we-do/we-speak-up-for-change/public-awareness-and-perceptions-of-flood-risk-in-the-uk>

insurance and reinsurance for natural catastrophe risks is unavailable, and Governments are increasingly having to step-in to create or underwrite insurance pools such as Flood Re⁷. Hence, Flood Re stated that “the UK and its nations should not assume insurance for flood risk will be available without taking actions to minimize underlying risks, and it is important that future insurability is recognised as one of the outcomes governments are seeking when allocating capital spending or making planning decisions”. Although there are considerable efforts underway to manage risks, “risks overall are increasing due to factors such as climate change or continued building in high-flood-risk areas”. Flood Re commended the Welsh Government (WG) for the implementation of Schedule 3 of the Flood and Water Management Act 2010 and requirements for sustainable drainage systems. However, they stressed in their response that “work remains to be done to ensure that homes and communities are resilient to flooding”.

2.3 Working Together and Support

2.3.1 The ABI stressed that they have engaged with the Wales Flood and Coastal Erosion Committee (WFCEC) since its creation and are always keen where possible to work proactively with the Committee, WG and Natural Resources Wales (NRW) on flood policy. The ABI are very open to progressing dialogue and in agreement that a greater understanding of the issues is welcome. Flood Re also hope that they will be considered a partner in efforts to ensure resilience to flooding. They have detailed a series of studies, on Property Flood Resilience (PFR) home types, Build Back Better (BBB) uptake, and other aspects of PFR, for which they would like to see case studies or information that provide insights into Wales (and other nations). Much of the input to Flood Re projects is coordinated through an Expert Group convened on a regular basis and Flood Re have reached out to the Committee for an industry member to continue to provide insights into Welsh cases.

3. Measures in the National Strategy: Insurance Availability and Affordability

The draft report highlighted that we currently do not have data on the proportion of households or businesses reporting access to and levels of insurance coverage and premiums. Importantly, in addition, there is not a measure in the National Strategy to drive the collection of such evidence or data. Hence:

Q1 Do we need a measure/sub measure on proportion of properties at risk but without insurance in the National Strategy, and should/could this go further than proposed in the Environment Agency (EA) report⁸ in taking on issues, e.g. affordability, refusals and other barriers to accessing insurance?

3.1 Support for the Measure/s

3.1.1 One Voice Wales supported this measure and stated that, subject to mechanisms for data collection, they would also support this going further than the EA’s indicator proposals. The NFF believed “it would be helpful to have some measure and understanding of how many people do or don’t have insurance”. In the NFF’s experience “we don’t really talk about the people who are uninsured. They are hidden”. The BRC welcomed this approach and felt that tracking the proportion

⁷ Flood Re references “The uninsurable world: how the insurance industry fell behind on climate change”, FT, 02/06/24 and “Climate change is showing its claws”, Munich Re, 9/01/2025 [Climate change is showing its claws: The world is getting hotter, resulting in severe hurricanes, thunderstorms and floods | Munich Re](#)

⁸ <https://www.gov.uk/flood-and-coastal-erosion-risk-management-research-reports/measuring-resilience-to-flooding-and-coastal-change>

of ‘at risk yet unprotected’ properties would help draw attention to supporting this vulnerable category. The ABI would support such efforts to provide more data on properties at risk, also noting this would help the ABI understand the scale of underinsurance in Wales.

3.1.2 The ABI also added that “it is important to make and understand the distinction between availability (whether or not insurance can be provided for a property at higher risk of flooding) and affordability (whether the householder can afford to pay the premiums they are quoted as part of their budget)”. The NFF further noting that “affordability is a relative term, for many ‘affordable’ insurance is out of reach.

3.2 Source of Data?

3.2.1 It appeared logical to those outside of the insurance industry, that the insurance industry should supply the data. However, the ABI restressed that they would be happy to work with the Committee and WG on this aim, but that the insurance industry itself is not able to put a number on how many properties do not have insurance cover. Flood Re did not respond as to whether a measure was required, but did emphasise that “insurance uptake is extremely difficult to obtain credible data on” and would also “caution against looking at either Flood Re or insurers and thinking that there is a repository of information out there that would be a ‘silver bullet’. While there are various providers and groups, including Flood Re, that hold useful data, the scope of this data is typically limited and too incomplete to answer wide-ranging public policy questions”.

3.2.2 The South West Wales FRM Group noted that “Lead Local Flood Authorities (LLFAs) have limited data because we do not routinely follow up with residents and businesses about their insurance claims, or work with them on their individual recovery journey, post the immediate recovery stage”. However, they raised the possibility of this being something to “add to the Section 19 report to draw in this evidence and fill the data gaps on insurance coverage and access to BBB” or “could the Section 18 capture some of this data in future years?” If there were to be a more active role for LLFAs, then it was noted that it will require lead-in time.

3.3 Flood Re Statistics

3.3.1 Flood Re re-emphasised their statistics on ‘availability’, explaining that 1000 properties have been tracked across the UK from 2016, including “about 100 properties with flood claims”. Of the latter, in December 2024 all could get more than one quotation, and only a single property since 2021 has “briefly received no quotes”, from which Flood Re concludes that “this indicates that insurance is available to homes in high-risk areas and with claims, and that the issue is that many householders are not taking out insurance (which may have to do with affordability)”. Flood Re has done some analysis on national level market data to understand insurance markets, for which “quoted prices in high-flood-risk areas are 50-55% higher than in lower-risk areas” and a “home in a high-flood-risk area with a flood claim typically sees a jump of about another 50% - meaning these homes typically see prices that are 100-120% higher than low-risk, no-claim properties”.

3.3.2 Flood Re also advised that of February 2025, 20,000 properties in Wales were ceded to the scheme in recent months and 900 claims have been made in Wales to date.

3.4 Mapping High Densities of Uninsured Properties and a Measurable Approach to Flood Risk

3.4.1 The British Red Cross also highlighted “the value of not only tracking the proportion of ‘at risk yet unprotected’ properties, but also mapping areas with high densities of uninsured properties onto

flood risk maps. This would be valuable to help inform both capital investment decisions on new flood defences and also deployment of emergency response resources in the event of floods”.

3.4.2 The ABI would also like to see “a measurable approach to flood risk at government level and a long-term measurable target for reducing the number of properties at risk of flooding”. Otherwise, “without setting measurable and achievable targets on what adequate levels of flood resilience looks like, it is difficult to measure progress”.

3.5 Summary

3.5.1 There is strong support for a measure in the National Strategy for Wales to understand the scale or the number of people and properties who do and do not have insurance or who are under-insured, particularly tracking the at risk, yet unprotected properties. It was also felt that the new measures should differentiate between ‘availability’ and ‘affordability’, ensuring that ‘affordability’ is clearly defined to ensure the cost of insurance cover is considered within reach for low income households.

3.5.2 Further consideration is required on data collection methods, including the possible role of LLFAs through Section 18 and/or Section 19 reports. Data held by the insurance industry is considered too limited and incomplete to address public policy questions. NB The data provided by Flood Re on insurance availability is at a UK level, limited to only 100 in the sample for those at high risk with former claims. It does not address take up (including affordability), nor those ineligible for the scheme. Hence, the consideration of data collection links to Q3/Section 5 concerning research needs.

Additional comments/proposals from consultees for consideration:

- Mapping areas with high densities of uninsured properties onto flood risk maps to inform investment and emergency response resourcing decisions.
- A measurable approach to flood risk in the Strategy, including a long term measurable target for reducing the number of properties at risk of flooding.

4. A Measure in the National Strategy for Uptake and Access to Property Flood Resilience (PFR)

The report drew attention (following the Climate Change Commission, 2023⁹) to the lack of data to assess access to insurance and capital for property flood resilience measures, including take up of Flood Re’s ‘Build Back Better’ initiative. The report questioned:

Q2 Do we need a measure on proportion of properties accessing ‘build back better’ insurance claim payments and installation of PFR resilience measures and to progress dialogue with the insurance sector for data?

4.1 Support for the Measure

4.1.1 One Voice Wales supported the proposed measure. The NFF agreed that a target and measure would be a good idea, in order to see progress and how the scheme is being implemented over time. The BRC note the “ability to measure progress on household uptake of PFR would be a significant step in supporting the development of strategic interventions to promote PFR”, seeing ‘Build Back Better’ (BBB) insurance claim payments as “a welcome example of such an intervention” and that it

⁹ [Adapting to climate change - Progress in Wales](#)

“would be informative to know the proportion of households that make use of it”. The ABI agree that it would be useful to “see more granular data on the take-up of BBB and PFR measures”.

4.1.2 Both CIWEM’s RCG and the ABI extended the need for data or measures on the evidence of new homes being built to higher flood risk standards as is required as part of planning applications. Developers could help provide standardised information on flood measures, e.g. raised sockets, or flood design standard. This would require wide scale cooperation but would allow insurers to have a better understanding of what measures have been included, and in turn should help homeowners (CIWEM’s RCG).

4.2 Source or Access to Data

4.2.1 Flood Re reported that BBB “is an extremely new program, and data is extremely limited, so will be of little value at this stage”. Flood Re noted that “only 19 properties in Wales had taken up BBB as of January 2025, out of close to 200 eligible claims”. Hence Flood Re’s focus at this point is in improving the uptake as “currently only about 30% of properties offered BBB are taking up the measures” (nationwide).

4.2.2 The ABI felt it was important to note that BBB is not the only or principal way householders can install PFR measures and that responsibility for installing PFR measures extends beyond insurers, typically in the form of government grants and local authority schemes. The ABI note that the government has a key role to play in increasing take-up of PFR and hence feel that the government also has a key role in collecting data on the take up of such measures (also see response to Q7, [section 9.4](#)). Flood Re also noted that “BBB constitutes only a portion of those homes that are fitted with PFR measures, with government-backed and local authority schemes historically making up the majority of installations”. Flood Re also stressed the need for the Government to collect data where PFR measures have already been installed under Government controlled schemes or planning consents.

4.2.3 The South West Wales FRM Group noted (under Q7) that PFR is increasingly becoming the outcome with the best Benefit-Cost Ratio on a high percentage of capital schemes in small to medium communities in rural South and West Wales”. Hence, given the lack of data on PFR, the group felt it “might be beneficial to have more guidance on monitoring the performance of these schemes before and after installation”. They note that “this approach has been embedded into the Natural Flood Management thinking, with most LLFAs seeking to gather data before and after the scheme to feed into the knowledge, data, and evidence base”, and hence suggest that a similar mechanism could we adopted for PFR and insurance”?

4.3 Further Insight on the Poor Uptake of BBB and PFR

4.3.1 Both CIWEM’s RCG and the NFF noted that insurers are not currently under obligation to provide BBB. The ABI also emphasised that BBB is not a universal provision and depends upon individual insurers signing up to the initiative with Flood Re. The NFF noted that the onus is currently on policy holders doing their homework and needing to ask the right questions. Flood Re stated that their messaging to householders “is to check with their insurer when purchasing insurance to ensure it is eligible for Build Back Better. This consumer push will help with embedding BBB throughout the industry and also improving awareness and uptake among households. It is also worth households working with their insurer to understand any BBB-related conditions to ensure their eligibility”. The NFF would like the insurance companies to be more proactive about promoting BBB, rather than the onus being on householders (also see section 6.3.1 below). CIWEM’s RCG suggested that BBB is standardised under Flood Re in order to better help all insurance policy holders.

4.4 Further Proposals for Evidence of PFR Effectiveness

4.4.1 The NFF called for more research on PFR and its effectiveness, stressing the importance of the research being independent. The NFF also cautioned that PFR is often seen as a ‘silver bullet’ and “many people do not understand the limitations”, hence “we need to focus the dialogue on the right solution in the right place for the type of flooding” experienced. The ABI welcomed “any WG activity to gather data regarding properties where resilience measures have been installed in homes, either through PFR schemes or where they have been required as a condition of planning permission” and “therefore join this report in calling for the recent WG review of PFR to be published”.

4.4.2 The NFF further stated that they were not seeing any evidence to date that adding PFR measures to a property decreases insurance costs and felt that insurers’ assessments are not sophisticated enough at the moment. The ABI added that “another important aspect of data collection is the need for further evidence to demonstrate how effective certain PFR measures are materially reducing the impact and financial costs of flooding”. The ABI explained that “collecting robust data and evidence about the effectiveness of resilience measures within and around properties is crucial to helping alleviate some of the concerns insurers have with the use of certain PFR measures, as well as giving confidence to home and business owners that installing certain measures will be worthwhile”. CIWEM’s RCG also noted that insurers use catastrophe models from vendors, hence vendors could also find ways to model improvements, which in turn could lead to savings on householder insurance premiums.

4.5 Flood Re Future Learnings and Collaboration on BBB

4.5.1 The British Red Cross noted the inhibiting effects more generally to PFR through “the inadequacy of national awareness” and the shortage of skills and certification in the construction sector (citing the Bonfield Action Plan¹⁰). Flood Re stated that they would “be looking into those properties that have declined the offer to better understand why and will be sharing learnings once that has completed”. Flood Re believes the issues to be due to awareness of a brand new program but will “endeavour to work with relevant authorities to fix any issues identified”. As “the uptake rate in Wales appears lower than the average, and we will share any insights into this that are relevant to government or the WFCEC, but it is also worth noting that many of the claims are still open and relatively recent (e.g. late 2024 floods)”.

4.5.2 Due to the challenges of collecting property level data on PFR, Flood Re shared information that they are “looking at a framework that can create a smart system that makes best use of the information at key decision points”. Flood Re’s work on Flood Performance Certificates (FPCs) “is intended to serve as a vehicle for the communication of this information to householders and to financial institutions. Flood Re’s FPCs Roadmap lays out the key considerations for FPCs, but it would be a framework that would ideally provide a response to the intent of this question and make use of the two categories of information noted above (BBB/insurer-level, and scheme/government-level)”.

4.5.3 Flood Re believed that “the opportunity at this juncture is to engage with the formation of wider standards, metrics, and practices, and strengthening uptake through a common approach” across the UK. They note that “the PFR industry is small, and keen to tap into as wide a market as possible to help grow their businesses – trying to comply with different rules in different places can become a

¹⁰ The Bonfield Action Plan: <https://assets.publishing.service.gov.uk/media/5a81a13040f0b62305b8ffcd/flood-resilience-bonfield-action-plan-2016.pdf>

barrier to participation. For this reason we would encourage a common rather than fragmented approach”.

4.6 Summary

4.6.1 There was support for measures and targets on the uptake of BBB and wider schemes promoting PFR. The British Red Cross did note in general that the ability to measure progress on household uptake of PFR would be a significant step in supporting the development of strategic interventions to promote PFR, but the responses did not consider ‘access’ (affordability or ineligibility for Flood Re) to PFR measures by households or businesses in any detail. This could be taken forward by WG (see next section), or as a key implication for further understanding under Q1 and/or Q3.

4.6.2 Flood Re has limited data currently on BBB and is instead focusing on increasing uptake. A key role is seen for Government in collecting data on the uptake of PFR, given that government backed and local authority schemes make up the majority of installations.

4.6.3 There are opportunities to continue the dialogue with Flood Re to understand why properties have declined the offer to implement PFR measures. As BBB is not universally provided by insurance companies, there is also an opportunity to explore whether further engagement is required to make communities at risk aware they need to check with their insurers, or as per the NFF and CIWEM’s RCG respectively, that the onus is placed on insurance companies to be more proactive or for BBB to be standardised.

Additional comments/proposals from consultees:

- More guidance and activity to gather data on the effectiveness/performance of resilience measures that have been installed in homes, including publishing the recent WG review of PFR. Consideration of a similar mechanism to Natural Flood Management, whereby most LLFAs gather data before and after the scheme to feed into the knowledge, data, and evidence base
- Ensuring a common approach across the UK, concerning standards, metrics and practices, to enable the PFR industry to grow.

5. Seeking a More Detailed Understanding of the Issues and Challenges Faced by Communities

The draft report noted that although public access to insurance is recognised as a key driver to resilience in Wales, the dominant focus to date is a one-way provision of information to increase flood awareness and the need for insurance. We are currently not listening and lack evidence on the detailed and complex nature of the issues being experienced in our communities, i.e. those who are aware that they require insurance but facing the challenges of ‘affordability’ or availability of insurance, particularly for properties built from 2009, tenants and businesses sitting outside of Flood Re criteria. Hence:

Q3 Is there a mechanism for opening up lines of communication and collating data to deepen understanding of insurance accessibility, or should this be taken forward as a key research need (including through the WFCEC Research Sub Committee)?

5.1 Support for Further Research on Insurance

5.1.1 The South West Wales FRM Group have acknowledged the “known issues” with Flood Re raised in the report, having experienced tenanted properties in West Wales being at a distinct disadvantage. One Voice Wales was not aware of a mechanism for opening up lines of communication and collating data so would welcome this action being taken forward as a key research need. CIWEM’s RCG do not believe a data set exists within the industry, due to the challenge of attempting to monitor insurance policies that only last one year and the further complication of insurers having different ceding rules to Flood Re. As the ABI cannot break down the home insurance premium data collected by the ABI to a Wales-specific level, they believe that the research need is “worth exploring and is another area where the insurance industry would welcome the opportunity to collaborate”.

5.2 Information from Flood Re

5.2.1 Flood Re restated that insurance is available for those eligible for the Flood Re scheme. However, they have noted two related considerations that are worth government attention. Firstly, that Flood Re use Price Comparison Websites (PCWs) to track availability, and “instances of finding properties that cannot receive any quotes is exceedingly rare (since 2021, only a single property temporarily received a no-quote in mid-2023). This suggests that those who are unable to obtain insurance are not looking in the right places – many sound as if they checked with 1 insurer and assume this represents the entire market”. Flood Re therefore feel that “communications should regularly highlight to householders that they should try to shop around for insurance, especially via PCWs but also via brokers and other channels that give them access to a large number of insurers”. Secondly, affordability. Flood Re stated that “after a flood and making a claim, householders may see a jump in their prices from low hundreds of pounds to high hundreds or a thousand or more”, therefore that householders need to shop around for the best price. Yet “this may be a tipping point from what is affordable for a household to what many struggle to afford, especially after the trauma, disruption, and cost of a recent flood”.

5.2.2 Flood Re noted that prior to their scheme “just over half of these flood-claim homes would have paid thousands of pounds, while the remainder would have been unable to obtain insurance altogether. Flood Re’s subsidy has brought prices down and closed the availability gap, but it was never intended to create a low and unitary price across the market. With the average cost to repair a flooded home now in excess of £70,000, continuing to pay out to repair those homes that keep flooding will start to create a burden on those households that pay into the subsidy”. Flood Re stated that officials have noted “that more households in frequently flooded communities are declining to renew insurance, and that those uninsured households are being financially wiped out if flooded again. It may be worthwhile for public authorities to consider working with affected communities to ensure that households aren’t letting go of their insurance at a critical time”.

5.3 Summary

5.3.1 As the issues raised in the report have been observed by practitioners in Wales (particularly with tenanted properties ineligible for Flood Re), and data is not available from the insurance industry, then research needs are considered worth exploring – and the ABI would welcome the opportunity to collaborate.

6. Resources Required for Targeted Engagement

The report highlighted the current work by NRW in providing insurance guidance but notes the Blanc Report (2020) recommendations that there should be targeted engagement by Flood Re, the ABI and the EA (NRW in Wales) to promote awareness to high exposure households and businesses, particularly in less affluent areas. Furthermore, that the demographics and tenancy rates of affected areas should be reviewed by Local Authorities to ensure an appropriate response mechanism is put in place. Hence:

Q4 Do we need to allocate resources to target insurance guidance, progressing dialogue with the sector to understand the need and target engagement?

6.1 Support for Targeted Engagement

The British Red Cross cited their UK polling evidence¹¹ that “nearly half (48 per cent) of those who have experienced flooding in their home within the last 5 years say they have not seen any information about flooding in their area”. The poll also found that “people in the most deprived areas have lower confidence in their understanding of flood risk compared with those in the 20 per cent least deprived areas”. South West Wales FRM Group have experienced tenants often lacking “knowledge about the risk of flooding, even when living next to rivers, which results in underinsurance and their inability to have robust contents-only policies”. The Group noted some short term, targeted work post Storm Callum (Oct 2018), working with landlords to highlight the issue with tenants. One Voice Wales stated that targeted engagement would be welcomed, CIWEM’s RCG agreed with this need. Flood Re stated that they support communication efforts that reinforce the importance of homes having insurance, and “believe that focusing efforts on certain key messages – shopping around, the importance of insurance, and not letting insurance lapse after flooding or making a claim, are important” (but did not reference ‘targeted’ insurance guidance).

6.2 Existing Engagement and Collaboration

6.2.1 The ABI stressed how active they and the wider insurance sector already are “in sharing insurance guidance and engaging with the public, elected representatives and government officials”. Activities include regularly distributed guidance ‘Responding to Floods: What You Need to Know’/ ‘Ymateb i Lifogydd Beth Sydd Angen i Chi ei Wybod’, developed in association with the National Flood Forum¹². This guidance is shared with MSs and MPs in constituencies and regions that have experienced flooding, alongside specific information on how constituents can access affordable flood cover (such as going through a specialist broker). Such advice and guidance are also shared at various community events, the ABI having been attending community flood network events organised by NRW since 2018. The ABI also recognise the concerns raised in the report “about difficulties some communities face in understanding sometimes complex insurance information”. They are also committed to helping improve financial literacy in the UK, with a broader guide to “Clear Communication with Fairer Finance” and Advisory Partnership with Plain Numbers, such initiatives aiming “to make financial services communications more accessible and could be harnessed to help people understand what they are covered for and what to expect from their insurer”. Flood Re have also attended the session in March 2025 organized by NRW in Merthyr Tydfil, “to help the community understand its options after recent flooding. We will continue to try to join sessions of this

¹¹ See the Red Cross Poll: <https://www.redcross.org.uk/about-us/what-we-do/we-speak-up-for-change/public-awareness-and-perceptions-of-flood-risk-in-the-uk>

¹² See: [abi-responding-to-floods-guide---national-flood-forum.pdf](#) and [abi-guide-to-responding-to-floods---welsh.pdf](#)

nature and support communities however we can, recognizing that we are a small team with limited resources”.

6.2.2 The British Red Cross noted that local authority partnerships with the voluntary and community sector (VCS) and community organisations “can provide an effective line of communication to the underserved groups they work for”. One Voice Wales also state their support, that they “would be pleased to distribute communications to the Community and Town Council sector in Wales to support communities that are at risk”. The Wales Coastal Groups Forum will be taking up and considering targeted engagement within their community and engagement plans. The ABI were again emphatic that they are open to working together and progressing the dialogue. They stressed that the “community structured flood awareness events are an excellent opportunity to aid better understanding”, they encourage “more such events in areas specifically affected by recent flooding”, and more specifically “Committee member attendance, as a channel for providing more targeted advice and support”. The ABI also recommended that the Committee consider “what other trusted voices and channels could be used to distribute information on flood insurance to those communities at higher risk of flooding”, by “identifying the organisations and figures most trusted by communities, including their elected representatives, local authorities, community flood networks and advice bodies such as Citizens Advice Cymru as an important part of the dialogue”.

6.3 Further Recommendations for Targeted Engagement

6.3.1 CIWEM’s RCG noted that engagement is also required specifically with BBB, as many customers who are offered this refuse, which is seen as a big problem. Whilst targeted engagement is important, the National Flood Forum (NFF) noted (as per section 4.3.1) that not all policies of those companies that are in the scheme are included, hence “it is vital that policy holders do their own homework” and ask the right questions. Hence, the NFF would like to “move to a scenario where the insurance companies are being much more proactive about promoting BBB”.

6.3.2 The ABI raised the need to improve flood risk awareness at the time of buying a home. They noted the work being undertaken by Flood Re on Flood Performance Certificates (FPCs), which they believe is a “good starting point to increase buyer awareness about their flood risk, alongside measures they could take to improve their flood resilience”. CIWEM’s RCG however questioned if FPCs will impact property prices, whether FPCs would only be required on new homes (the scope is uncertain at present) and to what extent a homeowner can decrease their own flood risk (for which BBB will work better for smaller floods). The NFF were also unclear at this point if FPCs will help or alternatively “push people into flood blight”. The ABI added that in some cases guidance would be “better targeted towards groups other than the general public”. As Flood Re operates on a business-to-business level with insurers rather than directly with customers buying property insurance, then whilst consumer awareness of Flood Re is useful, it is not essential for buying property insurance. The ABI would advocate better engagement with groups such as the construction sector to facilitate improved understanding of PFR.

6.4 Summary

6.4.1 Respondents have experienced communities lacking knowledge in high risk areas and welcomed the proposal for targeted insurance engagement. Greater consideration of trusted voices and channels has been advised, and proposals and guidance have been offered as to Local Authority and VCS partnerships. The efforts with engagement to date have been praised, but more events have been called for in areas specifically affected by recent flooding.

Further comments and proposals:

- Further engagement required for BBB
- The need to raise flood risk awareness at the time of buying a home
- Targeted guidance and engagement with the construction sector on PFR

7. Financial Support or Reduced Insurance Premiums

The Climate Change Commission (CCC) (2023) recommended the provision of financial support and access to insurance for smaller businesses and poorer households to gain reduced insurance premiums. Defra previously stated they would explore approaches to “encourage uptake”, but we lack evidence of any such approaches to date. Hence:

Q5 Do WG need to monitor/scrutinise other approaches forthcoming from Defra, are there other UK led mechanisms or does WG need to take the initiative on providing support?

7.1 Support for Financial Support to Access Flood Insurance

7.1.1 The British Red Cross (BRC) welcomed the CCC recommendation to provide financial support to lower income households to better access flood insurance. Or in the absence of such an approach it is “even more important to ensure that existing resources for flood defence and recovery are well targeted”. One Voice Wales believed it would be sensible to monitor or scrutinise other approaches from Defra and to carry out further research on any other UK led mechanisms. The BRC are “not aware of Defra initiatives specifically targeted at addressing this need” and “would welcome a Welsh Government initiative on providing support to low-income, high flood risk communities where insurance coverage is low”. One Voice Wales also believed that going forward there is clearly a leadership role for WG in taking any initiatives forward.

7.2 The Co-ordination of Approaches

7.2.1 The ABI and Flood Re focused on co-ordination of approaches. The ABI believed there is merit and encouraged a coordinated and joined-up approach, to ensure learning from other existing programmes in other parts of the UK. The ABI drew attention to the new National Flood Resilience Taskforce¹³, “that works to ensure the UK’s preparedness and resilience to flooding”. They also noted the EA commissioned “Floodproof: an action plan to build resilience”, which is an independent review of PFR (the ABI being part of its stakeholder steering group). The ABI encouraged “WG to closely scrutinise such reviews and action plans and compare this to its own review of PFR that is still to be published”. Flood Re also referred to property resilience in their response, “in terms of building practices and planning standards”.

7.3 Summary

The monitoring of approaches from Defra, or in the absence of such approaches, WG led financial support was welcomed by non-insurance industry consultees. The ABI and Flood Re focused on co-ordination and learning from national level approaches, including the new National Flood Resilience Taskforce. (In the terms of reference for the new Taskforce, it is stated that the taskforce “may

¹³ See: <https://www.gov.uk/government/groups/floods-resilience-taskforce>

review” the “the identification and views of preparedness of the most vulnerable areas as well as actions to support the most vulnerable groups” as one of the themes¹⁴).

8. A Need for a Greater Understanding and How to Support Those Outside of Flood Re Criteria

The exclusion of development from 2009 onwards from Flood Re was to support the principle of discouraging further development in areas at high risk of flooding (through planning policy/TAN 15). Yet we lack data in Wales on how many properties have been built from 2009 in areas of high flood risk. Researchers (Sakai and Yao, 2023) have called for a new scheme focused on SMEs and home-based businesses. Hence:

Q6 In addition to post 2009 development, as the Insurance Industry itself recognises, we need a greater understanding of how many householders are affected, what can be done (and what needs to be done) to help those outside of current flood re eligibility criteria, or question whether the eligibility criteria are still relevant?

8.1 Support for Greater Understanding

8.1.2 The British Red Cross (BRC) noted that the “ineligibility for Flood Re coverage for properties built after 2009 raises an equity issue that negatively impacts a growing proportion of households over time”. The National Flood Forum (NFF) stated that they are indeed “seeing more and more people from the categories that are excepted from Flood Re coming forward seeking support and advice”, which the NFF believe is a growing issue, “particularly from those in homes built after 2009, small businesses, and multiple dwellings in one building”. One Voice Wales agreed, that “further information is needed to understand the current picture of effect...from this further work can be undertaken on assessment as to whether the eligibility criteria needs review and amendment”. The ABI stated that “greater understanding of householders’ situations is always welcome”.

8.2 Review of the Eligibility Criteria

8.2.1 The BRC noted the significant proportion of new-build development being situated on flood plains, and that “mandating the inclusion of new properties could lead insurance companies to raise premiums. This presents an unwelcome ‘Sophie’s choice’ for policy makers of whether the inequity should apply to those with newer homes or those with lower income. Neither of these options are tolerable, underscoring the need for public intervention for the uninsured”.

8.2.2 The ABI stressed that the current eligibility criteria are relevant, restating the aim of purposefully excluding properties built after 2009 from the scheme to ensure inappropriate building in high flood risk areas was not incentivised, and emphasised that “this still applies”.

8.2.3 The ABI stressed that home and business property insurance “are very different things, and home insurance is a simpler product. It is not possible or appropriate to extend Flood Re to cover businesses”.

¹⁴ See p2, under focus areas:

https://assets.publishing.service.gov.uk/media/67dd924b64220b68ed6a6fa1/Terms_of_Reference_-_Flood_Resilience_Taskforce.pdf

8.3 Implications of the Current Eligibility Criteria for New Homes and Flood Defence Funding

8.3.1 Flood Re stated that “our clearest message for government is that planning must fully take into account flood risk and require that new homes are being made resilient if built in areas of flood risk”. Flood Re have undertaken focus group work that “has shown that buyers of new homes believe that flood risk will have been accounted for in the planning process”. Flood Re noted Wales’ implementation of Schedule 3 and practices to ensure enhanced flood resilience for homes “is a major step, but all steps need to be taken to ensure that new build homes are made flood resilient – the paper notes that data is not being collected on homes built in flood zones”. Flood Re would be interested to have further discussions to understand how a Flood Performance Certificate can fit into the SuDS Approval Body (SAB) process and any key considerations.

8.3.2 The ABI also emphasised that the “Government funding of flood defence infrastructure and maintenance, as well as increased up-take of PFR, will also help those households not eligible for Flood Re”. Flood Re reiterated the importance of flood defences; “insurance availability and its pricing is directly impacted by government decisions on the level of flood defence investment. Continued investment is fundamental to achieve desirable market outcomes and indeed, any reduction in flood defence investment will have a significant impact for households, insurers, reinsurers, and of course, Flood Re”.

8.3.3 The ABI noted that the British Insurance Brokers Association (BIBA) operates a commercial property flood insurance scheme for SMEs with assets of up to £1m¹⁵. This features flood only cover for either a £25,000 or £50,000 limit in the aggregate in the period of insurance and a defined amount of cover for immediate and necessary expenses incurred following a flood.

8.4 Summary

8.4.1 A greater understanding of how many householders and others ineligible for Flood Re was welcomed, as this was seen to be a growing issue. The eligibility criteria were viewed as still relevant or raising a difficult choice for policy makers as to whether inequity should apply to those with post 2009 homes or those with lower income. Instead, the need was seen to be for public intervention for the uninsured. The challenges of ineligibility also shifted the emphasis to 1) planning taking into account flood risk (and the monitoring of properties build in areas of flood risk) and 2) levels of government funding of flood defences and PFR.

8.4.2 Attention was drawn to BIBA’s commercial property flood insurance scheme for SMEs. However, this does not offer subsidised cover (as per Flood Re), and the question remains as to the need for a new scheme focused on SME’s and home businesses.

Further comments and proposals:

- Discussions with Flood Re to understand how a Flood Performance Certificate can fit into the SAB process.

9. Consideration of Revisions to the Wales National Flood Strategy

The Wales National Flood Strategy (2020) states that it “remains the responsibility of a home or business owner to have adequate insurance cover against flooding”¹⁶ (WG, 2020, p31). Premium

¹⁵ See: <https://www.biba.org.uk/members/biba-schemes/commercial-property-with-flood-cover/>

¹⁶ WG FCERM Strategy (2020): <https://www.gov.wales/sites/default/files/publications/2021-03/the-national-strategy-for-flood-and-coastal-erosion-risk-management-in-wales.pdf>

levels reflect the level of risk, hence risk needs to be reduced to ensure insurance is affordable. Other stakeholders beyond the insurance industry hold responsibility for planning policy and the location of new development, building regulations for PFR, flood defence capital and revenue funding, broader policy on climate change and social equity. Hence:

Q7 Should a revised Wales strategy acknowledge the wider responsibilities and complexities to enable “the responsibility of a home or business owner to have adequate insurance cover against flooding”, including maintenance of TAN15’s strong stance on development of buildings in current and potential flood zones, PFR and other resilience being mandatory in planning rules (building regulations) and an ongoing dialogue with the insurance industry for a revised (more inclusive) Flood Re scheme?

9.1 Support for Revisions to the Strategy, to Acknowledge the Wider Responsibilities and Complexities

9.1.1 One Voice Wales agreed that wider responsibilities and complexities should be acknowledged. The ABI welcomed the report’s acknowledgement of the wider role WG must play in ensuring climate resilient buildings, noting this is especially important “given that Flood Re is a time limited scheme, there is a continued need for engagement to ensure sufficient investment in flood defences and an effective planning and building regulatory framework for resilient homes in the future. It is clearly better to protect properties from flooding before it is needed, rather than stepping in once it is too late”. The ABI highlighted NRW data¹⁷, which “makes for sobering reading, showing that 1 in 7 homes in Wales are at risk from flooding – a figure set to increase by more than a third as a result of climate change”. The ABI noted the “positive steps taken by Welsh Government, such as legislation to make Sustainable Urban Drainage Systems mandatory in all new developments of more than one dwelling house or over 100 square meters”. This is an area that the ABI “are encouraging the rest of the UK to look to Wales as an example”. However, the ABI see two key areas “within the gift of the Welsh Government”. Firstly, “the urgent need for a more robust planning system and policy on development in flood risk areas. Secondly, we have long called for increased government investment in flood defences and property flood resilience (PFR) measures”.

9.2 A More Robust Planning System and Policy on Development in Flood Risk Areas

9.2.1 Flood Re supported “maintaining a strong stance on development of buildings in current and potential flood zones, and ensuring that planning for those homes built in at-risk areas have the necessary measures to mitigate them”. The ABI stated, “reforms to the planning system must be made with adequate consideration of the risks, so that homeowners and businesses owners are not left with high-risk buildings difficult to insure”. The ABI called for “an increased focus on the importance of climate resilience and current and future flood risk when considering where homes are built”. The ABI noted the Cabinet Secretary’s stated intention to publish the revised Technical Advice Note 15 (TAN15): Development, flooding and coastal erosion this spring, and would like to see this further embed climate and flood resilient development into the planning system”. (TAN 15: has since been published, on the 31/3/25¹⁸).

¹⁷ NRW Annual Report 2023 to 2024: <https://naturalresources.wales/evidence-and-data/research-and-reports/flooding-reports-evidence-and-data/flood-risk-management-annual-report-2023-2024/?lang=en#:~:text=In%20Wales%2C%20there%20are%20estimated,through%20the%20activities%20we%20do>

¹⁸ Technical advice note (TAN) 15: development, flooding and coastal erosion has since been published by WG (31/3/25): <https://www.gov.wales/technical-advice-note-tan-15-development-flooding-and-coastal-erosion>

9.2.2 The ABI also noted concerns that “currently National Resource Wales (NRW) can object to a planning proposal, but we are not aware of a responsibility for local authorities to report whether that feedback has been taken into account, such as requiring the planning application to be amended to improve measures to protect against flood risk to fulfil NRW’s concerns”. The ABI thus supports “a clearer, more transparent process, which would provide reassurance to insurers and local communities who are often concerned about the potential impacts of new developments”. The ABI also stressed more broadly that “insurance should be given greater consideration when granting planning permission”.

9.3 Increased Investment in Flood defences

9.3.1 The ABI stated that the “primary funding responsibility for flood risk management schemes must be the responsibility of Welsh Government in its role of protecting citizens and communities. This is not a responsibility that can or should be passed off to others, including insurers, whose role is to ensure they have the requisite capital to pay claims should the worst happen”. The ABI continue that “there needs to be a policy response that promotes the resilience of those properties most at risk of flooding and continued investment in flood risk management infrastructure”.

9.3.2 The ABI welcomed the commitment in the Welsh Budget 2025-26 to “maintaining flood funding of £75 million per annum through the Flood and Coastal Erosion Risk Management Programme”. But the ABI also noted “the recent NRW Report¹⁹ which found that keeping funding at current levels results in over 18,000 additional properties remaining at High Risk and residual damages increasing by £800 million. Keeping pace with climate change everywhere requires 3.4 times current funding levels”. The ABI stressed that spending on flood defence infrastructure is extremely cost effective. The ABI referred to Fathom’s research²⁰, commissioned by Flood Re, that “shows that flood defences can save households alone £1.15 billion by mitigating damage each year” and previous research by the ABI, Flood Re and JBA that highlights that every £1 spent on flood defence maintenance saves £7 in capital spend²¹. CIWEM’s RCG also stressed that the maintenance of flood defences is key. The ABI also urged WG to implement the commitment in its Programme for Government to deliver nature-based flood management and implement the Natural Flood Management (NFM) Accelerator (2023-2025) to accelerate delivery of NFM interventions.

9.3.3 The ABI and insurers would also welcome access to data/information on the maintenance status of flood defence infrastructure managed by local authorities, to better understand flood risk and mitigation measures.

9.4 Increased Uptake and Investment in PFR

9.4.1 The ABI noted, “flood defences cannot of course prevent every single property from flooding and so it is also important to increase the uptake of PFR measures so that individual property owners can make their homes and businesses more flood resilient. Integrating flood resilient measures into new homes, such as raised plug sockets, air brick covers, and flood barriers, would help make homes and businesses more flood resilient”. The ABI disagreed with the report’s statement that

¹⁹ <https://naturalresources.wales/evidence-and-data/research-and-reports/flooding-reports-evidence-and-data/long-term-investment-requirements-for-flood-defences-in-wales/?lang=en>

²⁰ <https://www.abi.org.uk/news/news-articles/2025/2/more-action-needed-to-protect-properties-as-adverse-weather-takes-record-toll-on-insurance-claims-in-2024/#:~:text=Research%20by%20Fathom%2C%20commissioned%20by,is%20saved%20in%20capital%20spend>

²¹ <https://www.abi.org.uk/globalassets/files/publications/public/flooding/modelling-the-impact-of-spending-on-defence-maintenance.pdf>

householders without insurance cannot progress to the recovery and resilience stage²². They believe this is not the case as additional costs to improve a property's resilience after a flood would usually need to be funded by the customer or by a government grant.

9.4.2 The British Red Cross (BRC) also “urge the Welsh Government to continue to ensure planning regulations mandate new buildings to be equipped with flood protection measures commensurate with their specific flood risk”. The BRC also note the Town and County Planning Association's finding²³ “that this may require support to local government planning departments to ensure they have the resources and skills to apply them”. The ABI proposed that WG could increase the installation of these measures by moving the necessary PFR measures to be handled through building regulations, rather than planning. The ABI believe that a basic level of PFR in building regulations would be an efficient, mandatory route to secure minimum standards.

9.4.3 The SouthWest Wales FRM Group also felt that particularly “if there is a lack of data on PFR and insurance, we need to implement more PFR schemes and work with businesses and residents to gather the missing data” and suggested WG implements a “PFR accelerator scheme”, or to fund “post-events in support of PFR”.

9.5 Revisions to the Flood Re Scheme

The BRC expressed the view that achieving universal flood insurance coverage would be desirable, but whilst “ongoing dialogue with the insurance industry seeks a solution to this problem, public funds and resources for flood resilience and recovery should be well targeted to support areas worse affected by flooding and deprivation-linked inability to afford insurance premiums”.

Flood Re stated that the “continued achievement of our purpose will require active management of risks”, furthermore that “seeking to expand the Flood Re scheme to include categories such as post-2009 properties which are being proposed specifically because of concerns that they may be high-risk, would exacerbate the challenges being faced by the scheme. This could substantively alter the subsidy structure in the scheme, with potential unintended consequences to the detriment of communities whose insurability is currently being maintained by the scheme. As outlined in our responses to the previous question, we would urge that government consider in the first instance the actions it can take to actively manage physical risks. By an active strategy of containing physical risk through planning controls, flood defences, and other mechanisms such as PFR, the Flood Re scheme can continue to manage the financial risks that are becoming increasingly challenging”.

9.6 Summary

9.6.1 Respondents believed the wider responsibilities and complexities affecting individual householders' ability to have adequate flood insurance should be acknowledged. A robust planning system and increased investment in flood defences and PFR were seen to be within ‘the gift’ of WG. Insurance should be given greater consideration in planning and a robust planning system needs to undertake adequate consideration of the risks, so that homeowners and businesses owners are not left with high-risk buildings difficult to insure. Primary funding responsibility for flood defences must be the responsibility of WG in its role of protecting citizens and communities, a responsibility that cannot be passed off to others, including insurers, whose role is to ensure they have the capital to pay

²² The report (section 4.2.1, p12) has been edited to clarify meaning in response to the ABI, to “any householders in Wales without unable to gain insurance, unable to afford their own PFR measures or access a government grant, means they cannot progress to the recovery stage and resilience”.

²³ <https://www.tcpa.org.uk/wp-content/uploads/2024/08/TCPA-Delivering-Flood-Resilience-Report-Sept-2024.pdf>

claims should the worst happen. As flood defences cannot prevent every single property from flooding, it is also important to increase the uptake of PFR measures. Planning regulations should mandate new buildings to be equipped with flood protection measures commensurate with their specific flood risk, which requires resources for planning departments (including skill sets). The installation PFR measures could be increased in quantity and standards by moving necessary measures to be handled through building regulations.

9.6.2 As per Q6 Section 8.2, Flood Re eligibility criteria should not be revised, however access to insurance should be universal. In addition to the emphasis on WG's management of risk to ensure access to insurance, public funds and resources for flood resilience and recovery should be well targeted to support areas worse affected by flooding and poverty-linked inability to afford insurance premiums.

Further comments and proposals:

- Implement the commitment in its Programme for Government to deliver NFM, and to implement the NFM Accelerator (2023-2025), in order to accelerate delivery of NFM interventions
- Implement a PFR Accelerator Scheme
- Grant insurers access to flood defence infrastructure maintenance status

10. A Contextual Update

10.1 In the period between the initial consultation exercise on 'Insurance and Flood Re – A Wales Perspective' (2025)²⁴ and this response, there have been a series of developments regarding flood insurance, that have implications for, and/or lend weight to, the proposals and potential routes to move forward.

10.2 In March 2025, WG published an update to the Technical Advice Note 15 (TAN15): Development, Flooding and Coastal Erosion²⁵. There are now new sections in TAN15 that consider flood protection measures for new buildings. The affordability of insurance and the associated costs of dealing with flooding consequences, are recognised to reinforce the overall principle of avoiding development in areas where the consequences of flooding will be unacceptable (section 2.8, TAN15). Planning authorities or developers considering development in areas at risk of flooding are advised to seek the views of insurers at an early stage of design planning, in order to integrate appropriate and effective design features to actively reduce flood risk, and to help the eventual occupiers of new developments (section 2.9). Finally, TAN15 states that planning and building regulations have a complementary role in flood management and the use of flood mitigation and damage resistant measures will be required as part of ensuring the consequences of flooding are acceptable. Thus, TAN15 states that any development in Zones 2 and 3 and the TAN 15 Defended Zones must have resilience to flood built-in at site and property level (section 13.2).

10.3 In April 2025 the Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs detailed WG's response to the NICW review's recommendations into Building Resilience to Flooding in Wales by 2050²⁶. It is accepted that a renewed conversation about flood risk management

²⁴ [Insurance and Flood Re: A Wales perspective \[HTML\] | GOV.WALES](#)

²⁵ [Technical Advice Note 15: Development, flooding and coastal erosion](#)

²⁶ [Letter: Welsh Government response to the NICW review into Building Resilience to Flooding in Wales by 2050 | GOV.WALES](#)

and building resilience in at risk communities is needed, and it is anticipated that this issue will be returned to in the next Senedd (addressing NICW recommendation 2). There is widespread support in the Senedd for building community capacity for flood risk, including a potential national level forum (or equivalent), and support for the establishment of more community level groups to support resilience (recommendation 6). Kings College London have been commissioned to review forms of deliberative engagement, and officials have been asked to consider how to ensure equitable access to information and how to enable engagement in decision-making for diverse groups (recommendation 8). Also, it is noted that local councillors, town councils, and community councils, play a pivotal role in supporting their respective communities, that it is important to support them to undertake this role (recommendation 16). Local Authorities and NRW are seen as best placed and are encouraged by WG to deliver property flood resilience measures at a community level. It has been emphasised that householders who received property flood resilience measures via these schemes do not need to provide a financial contribution and that actions will be targeted towards the most at-risk communities. The intent is to continue to make funding available to support such measures, including to explore how investment in property level flood resilience can be scaled up, particularly for those at highest risk and who are least able to manage the costs of flooding (recommendation 13).

10.4 The letter to members of the National Infrastructure Commission for Wales (as above) also referred to the Climate Adaptation Strategy for Wales²⁷ (published October 2024) which sets out WG's commitment to responding to the changing climate. Within this national strategy, it is recognised that the negative impacts of climate change are likely to be felt most by those on low incomes, who may be less likely to adapt their homes, or to have household insurance to cover the costs arising from storm damage and flooding (section 2.1), making it harder for them, for example, to replace household goods after a flood (section 2.4). The social justice aspects of climate change adaptation are related to the Welsh Government's National Equality Objective 7, which states, "We will create an environmentally sustainable Wales with the capacity to....respond to the inequitable impacts of climate change". Hence in taking forward policies and actions to address the impacts of climate change, the Strategy commits to taking "appropriate steps to understand whether any groups and communities might be disproportionately affected and will consider the options available for addressing this" (section 2.4). In the climate change outcomes, "what does good look like", includes that "businesses have access to capital and insurance including for adaptation" (section 5.8) and that there is "equitable credit and insurance coverage and premiums for corporates and households to address climate-related risk" (section 5.15).

10.5 In September 2025, the Senedd's Climate Change, Environment, and Infrastructure Committee published "The response to recent storms"²⁸, following an inquiry into what lessons can be learned following storms Bert and Darragh experienced during the winter of 2024. This includes asking that WG revisit emergency funding for households and to improve signposting to the Flood Re insurance scheme. Contributors to the enquiry had described how "repeated flooding caused significant anxiety and distress, particularly for residents without insurance coverage" (section 118). Contributors also noted the difficulties of navigating the Flood Re 'system' and called for "clearer, more accessible communication more accessible communication from insurance providers and government bodies to help residents and businesses better navigate the complexities of flood insurance coverage" (section 116). The Committee was concerned by the limited access to affordable flood insurance for residents and businesses. In the view of the Committee, "both governments and insurers must do more to

²⁷ <https://www.gov.wales/sites/default/files/publications/2024-10/climate-adaptation-strategy-for-wales-2024.pdf>

²⁸ <https://laiddocuments.senedd.wales/cr-ld17390-en.pdf>

simplify and clarify access to insurance. The role of local authorities in offering advice and signposting must also be strengthened” (p47). The Committee recommended that “the Cabinet Secretary should report back to the Committee on how, in his view, existing insurance schemes such as Flood Re, can be better promoted to residents of high-risk flood areas in Wales” (Recommendation 16).

10.6 The UK Government set up a new ‘Floods Resilience Taskforce’ in September 2024, in order to provide oversight of national and local flood resilience and improve preparedness. Standing membership of the taskforce includes devolved administrations. The first meeting explored the support that insurers can provide to their customers, which included raising awareness and the increased take up of Build Back Better²⁹. The taskforce has also established three taskgroups, on flood warnings, flood recovery and notably flood insurance, with updates expected at future taskgroup meetings (Hansard HC Deb., 26 February 2025)³⁰.

²⁹ <https://www.gov.uk/government/news/new-taskforce-launched-to-turbocharge-flood-preparedness-and-delivery-of-flood-defences>

³⁰ Hansard HC Deb. (26 February 2025) Draft Flood Reinsurance (Amendment). Available at: [Draft Flood Reinsurance \(Amendment\) Regulations 2025 - Hansard - UK Parliament](#) (Accessed: 20 October 2025).

11. Summary and Resultant Proposals

Considering the evidence in the ‘Flood Re and Insurance: A Wales Perspective’ report’s evidence, the support for proposals and additional insight and expertise from the consultees’, the original consultation questions are now framed as proposals:

Proposal 1: To include a measure/sub measure on the proportion or number of properties at risk yet under insured or without insurance in the National Strategy (including availability and affordability issues).

11.1 See section 3. There is strong support for a measure in a future revised National Strategy for Wales to understand the scale or the number of people and properties who do and do not have insurance or who are under-insured, particularly tracking the at risk, yet unprotected properties. The new measures should differentiate between ‘availability’ and ‘affordability’, ensuring that ‘affordability’ is clearly defined to ensure the cost of insurance cover is considered within reach for low-income households.

11.2 Further consideration is required on data collection methods, including the possible role of Lead Local Flood Authorities through Section 18 and/or Section 19 reports. Data held by the insurance industry is considered too limited and incomplete to address public policy questions. NB The data provided by Flood Re on insurance availability is at a UK level, limited to only 100 in the sample for those at high risk with former claims. It does not address take up (including affordability), those ineligible for the scheme. Notably the statistics differ markedly from the British Red Cross survey findings, also see [section 2.1.1](#). Hence, the consideration of data source and collection links to Q3/[section 5](#) concerning research needs.

Additional comments/proposals from consultees for consideration:

- To map areas with high densities of uninsured properties onto flood risk maps to inform investment and emergency response resourcing decisions (which would be subject to collecting the data).
- A measurable approach to flood risk in the Strategy, including a long-term measurable target for reducing the number of properties at risk of flooding.

Proposal 2: To include a measure on the proportion or number of properties accessing ‘build back better’ (BBB) insurance claim payments and installation of PFR resilience measures in the National Strategy.

11.3 See Section 4. There is support for measures and targets on the uptake of Build Back Better (BBB) and wider schemes promoting Property Flood Resilience (PFR). The British Red Cross did note in general that the ability to measure progress on household uptake of PFR would be a significant step in supporting the development of strategic interventions to promote PFR, but the responses did not consider ‘access’ (affordability or ineligibility for Flood Re) to PFR measures by households or businesses in any detail. This could be taken forward by WG (see next section, 10.4), or as a key implication for further understanding (under Q1 and/or Q3).

11.4 Flood Re has limited data currently on BBB and is instead focusing on increasing uptake. There is a key role for Government in collecting data on the uptake of PFR, particularly given that government backed and local authority schemes make up the majority of installations.

11.5 Take the opportunities to continue the dialogue with Flood Re to understand why properties have declined the offer to implement PFR measures. As BBB is not universally provided by insurance companies, there is also an opportunity to explore whether further engagement is required to make communities at risk aware they need to check with their insurers, or dialogue with the insurance industry to place the onus on insurance companies to be more proactive, or for BBB to be standardised.

Additional comments/proposals from consultees:

- More guidance and activity to gather data on the effectiveness/performance of resilience measures that have been installed in homes from WG. Consideration of a similar mechanism to Natural Flood Management (NFM), whereby most Lead Local Flood Authorities (LLFAs) gather data before and after the scheme to feed into the knowledge, data, and evidence base.
- Ensuring a common approach across the UK, concerning standards, metrics and practices, to enable the PFR industry to grow.

Proposal 3: Consider issues with insurance availability and affordability, notably including those ineligible for Flood Re, as a key research need (including action through the Joint Flood and Coastal Erosion Risk Management Research and Development Programme and in collaboration with the ABI).

11.6 See Section 5. The issues raised in the report have been observed by practitioners in Wales (particularly with tenanted properties ineligible for Flood Re). The Senedd’s Climate Change, Environment, and Infrastructure Committee was concerned by the limited access to affordable flood insurance for residents and businesses. However, the data is not available from the insurance industry, hence there is a key research need to increase

understanding regarding the extent of issues concerning insurance availability and affordability. To note that the ABI would welcome the opportunity to collaborate in any research.

Proposal 4: To allocate resources for *targeted* insurance and PFR/BBB guidance to high exposure households and businesses (particularly in less affluent areas), considering trusted voices and channels (particularly in the VCS and including One Voice Wales) and progressing dialogue with the ABI.

11.7 See Section 6. Respondents have experienced communities lacking knowledge in high risk areas and welcomed the proposal for targeted insurance engagement. (This follows the recommendation of the Blanc Report (2020), that there should be targeted engagement to promote awareness of flood risk to high exposure households and businesses, a simple explanation of flood insurance, a guide to accessing affordable insurance (including through specialist brokers if necessary) and a guide as to what to expect from your insurer in the event of a claim³¹.) There should be greater consideration of trusted voices and channels, and of the proposals and guidance offered as to Local Authority and partnerships with the voluntary and community sector. The efforts with engagement to date have been praised, but more events should be targeted and resourced in areas specifically affected by recent flooding. This aligns with the Senedd's Climate Change, Environment, and Infrastructure Committee's call for clarifying access to insurance, and could inform the plans of WG to review different methods of deliberative engagement with communities and to support wider training (including local councillors, town and community councils).

Further comments and proposals:

- The need to raise flood risk awareness at the time of buying a home
- Targeted guidance and engagement with the construction sector on PFR.

³¹ The Blanc Report (2020): [Flood insurance review 2020: Doncaster - GOV.UK](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/444444/Blanc_Report_2020.pdf)

Proposal 5: WG to monitor approaches from Defra and/or the UK Floods Resilience Taskforce to provide financial support and access to insurance (including reduced premiums) for smaller businesses and poorer households. Otherwise, WG to consider the need to take the initiative on providing such support.

11.8 See Section 7. The monitoring of approaches from Defra for support (which follows the recommendation from the Climate Change Commission (2023)³²), or in the absence of such approaches, WG led financial support was welcomed by non-insurance industry consultees. The ABI and Flood Re focused on co-ordination and learning from national level approaches, including the new National Flood Resilience Taskforce. WG to consider the terms of reference for the new Taskforce, as it is stated that the taskforce “may review” the “the identification and views of preparedness of the most vulnerable areas as well as actions to support the most vulnerable groups” as one of the themes³³. Such a commitment aligns with the WG’s National Equality Objective 7 to respond to the inequitable impacts of climate change, and with the Climate Adaptation Strategy for Wales (October 2024), “as we take forward policies and actions to address the impacts of climate change, we will take appropriate steps to understand whether any groups and communities might be disproportionately affected and will consider the options available for addressing this” (section 2.4).

Proposal 6: WG to work with Defra and the UK Floods Resilience Taskforce to consider the need for a new scheme or alternative support for subsidised flood insurance cover for SMEs and home businesses, and to reconsider the Flood Re eligibility criteria or alternative support for homes built after 1 January 2009 and leaseholders (in a block of more than 3 flats).

11.9 See Section 8. A greater understanding of how many householders and others ineligible for Flood Re was welcomed, as this was seen to be a growing issue. The eligibility criteria were viewed by most consultees as still relevant, or alternatively as raising a difficult choice for policy makers as to whether inequity should apply to those with post 2009 homes or those with lower income. However, there is seen to be a need for public intervention for the uninsured. (A greater understanding and the need for public intervention are considered under proposals 3 and 5 respectively.) The challenges of ineligibility also shift the emphasis to 1) planning taking into account flood risk (and the monitoring of properties build in areas of flood risk) and 2) levels of government funding of flood defences and PFR (see proposal 7).

11.10 To note that the respondees did not comment on evidence that leaseholders (in a block of more than three, i.e. excluded from Flood Re) are struggling to access insurance. The proposal thus follows BIBA (BMG Research, 2022, p29³⁴), to question Flood Re’s eligibility criteria for those in a block of more than three leasehold flats (including basements).

11.11 Attention was drawn to BIBA’s commercial property flood insurance scheme for SMEs. However, this does not offer subsidised cover (as per

³² <https://www.theccc.org.uk/wp-content/uploads/2023/08/Adapting-to-Climate-Change-Progress-in-Wales.pdf>

³³ See p2, under focus areas: https://assets.publishing.service.gov.uk/media/67dd924b64220b68ed6a6fa1/Terms_of_Reference_-_Flood_Resilience_Taskforce.pdf

³⁴ [Review of affordability and availability of flood insurance to help evaluate the effectiveness of FloodRe. - FD2721](#)

Flood Re). There is still a need for a new scheme focused on SME's and home businesses. This aligns with the commitment shown in the Climate Adaptation Strategy for Wales (October 2024), that businesses and households have equitable access to capital and insurance including for adaptation (section 5.8 and 5.15).

Proposal 7: In the preparation of a revised WG FCERM strategy, WG should include an acknowledgement of the wider responsibilities and complexities to enable “the responsibility of a home or business owner to have adequate insurance cover against flooding”. This should include the maintenance of TAN15’s strong stance on development of buildings in current and potential flood zones and the installation of PFR to be mandatory in planning, and handled through building regulations.

11.12 See Section 9. Respondents believed the wider responsibilities and complexities affecting individual householders’ ability to have adequate flood insurance should be acknowledged. Including:

- A robust planning system and increased investment in flood defences and PFR were seen to be within ‘the gift’ of WG. Insurance should be given greater consideration in planning and a robust planning system needs to undertake adequate consideration of the risks, so that homeowners and businesses owners are not left with high-risk buildings difficult to insure. Primary funding responsibility for flood defences must be the responsibility of WG in its role of protecting citizens and communities, a responsibility that cannot be passed off to others, including insurers, whose role is to ensure they have the capital to pay claims should the worst happen. As flood defences cannot prevent every single property from flooding, it is also important to increase the uptake of PFR measures. Planning regulations should mandate new buildings to be equipped with flood protection measures commensurate with their specific flood risk, which requires resources for planning departments (including skill sets). The installation PFR measures could be increased in quantity and standards by moving necessary measures to be handled through building regulations.

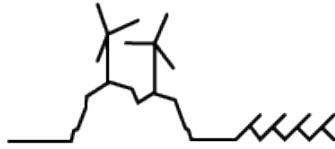
(The updated TAN 15 does stress that the affordability (NB not availability) of insurance reinforces the overall principle of avoiding development in areas where the consequences of flooding will be unacceptable. However, the need for data or measures on the evidence of new homes being built to higher flood risk standards is not a requirement as part of planning applications. This does not allow insurers to have a better understanding of what measures have been included, and then (in theory) reduce premiums for homeowners. Hence there is still a need to consider the consultees’ advice to push for a more strategic approach to data collection and monitoring regarding both the installation and the effectiveness of property resilience measures. Consultees also advised that planning regulations should mandate new buildings to be equipped with flood protection measures commensurate with their specific flood risk. They believed that the installation of PFR measures could be increased in quantity and standards by moving necessary measures to be handled through building regulations. TAN15 section 3.2 states that planning and building regulations have a complementary role in flood management and the use of flood mitigation and damage resistant measures will be required as part of ensuring the consequences of flooding are acceptable. Any development

in Zones 2 and 3 and the TAN 15 Defended Zones must have resilience to flood built-in at site and property level. However, the requirement for PFR measures to be handled through building regulations still needs to be considered by WG.

- Universal access to insurance. Public funds and resources for flood resilience and recovery should be targeted to support areas worse affected by flooding and poverty-linked inability to afford insurance premiums.

Further comments and proposals:

- Implement the commitment in its Programme for Government to deliver nature-based flood management and implement the NFM Accelerator (2023-2025) to accelerate delivery of natural flood management interventions
- Implement a PFR Accelerator Scheme
- Discussions with Flood Re to understand how a Flood Performance Certificate can fit into the SuDS Approval Body (SAB) process.
- Grant insurers access to flood defence infrastructure maintenance status



03. 12. 2025

Dear Climate Change, Environment, and Infrastructure Committee,

We write to you in the hope that the CCEIC will, as a committee, request the Welsh Government calls in the application to reduce the agreed restoration plan at the Ffos-y-fran Land Reclamation Scheme.

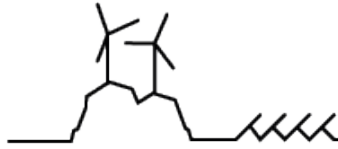
Summary

As the full name of the project indicates, this was a scheme to restore to a high standard the area of land, labelled as derelict at the time, through opencast coal mining. Proper restoration is therefore the scheme's central purpose, rather than an add-on. Yet, despite it being the central purpose of the project, the restoration has suffered unjustifiable delay (the mining company is actively in breach of planning conditions requiring the land to be fully restored by 6 December 2024). Some of this delay was caused by the illegal coal mining of some 640,000 tonnes of coal beyond the end of planning permission in September 2022, enlarging the void and adding to the coal tips. Merthyr (South Wales) Ltd's (MSWL) own public accounts indicate coal was sold at record-breaking prices. MSWL finally agreed with Merthyr Tydfil County Borough Council to stop mining by November 2023 – but only because Port Talbot steelworks ended its contract with the mine (as expressed in Ministerial Advice in July 2023) and after Coal Action Network and Good Law Project mounted a judicial review against inaction by the Welsh Government and Council.

Weaponising restoration

MSWL has profited from its flagrant disregard for planning conditions with total impunity from any Welsh public authority to date. In contrast, when the Mining Remediation Authority took enforcement action against MSWL for mining outside its licenced area, MSWL quickly complied. The difference is that the huge restoration cost can be held as the sword of Damocles over the heads of the Council and Welsh Government, fearing they may have to fund that restoration should MSWL go into administration – as outlined in the Ministerial advice (July 2023).

This appears to have created a chilling effect on enforcement action that could have prevented over 2 million tonnes of CO2 from mining continuing at the site – as revealed by internal communications between the Planning Officer for the application and the Council's solicitor in July 2023: "Finally, there is the real risk that a stop notice would result in the abandonment of the mine given that the approved restoration scheme is not deliverable. This approach may also antagonise the developer and undermine the negotiations to date towards a revised restoration strategy...[own emphasis]" This also sets a deeply alarming precedent; just as MSWL cites the precedent set by Celtic Energy Ltd's own avoidance of restoration costs across four coal mines, we know that corporations are watching and learning from this case, undermining planning control and the polluter pays' principle.



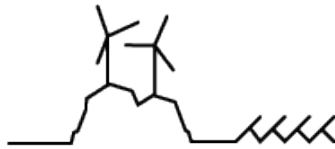
Forensic financial review

However, advice that Coal Action Network has received from internationally renowned forensic accountants C. Lewis & Company suggests that the risk of MSWL being able to legally cut and run with the £91.2 million ring-fenced restoration funds has been substantively exaggerated. A key conclusion that the review reaches is that the most viable way for MSWL to end up in a position where they can withdraw in dividends more of the restoration funds is by convincing the Council to approve a lower-cost restoration scheme. That is exactly what the reduced restoration application before the Council attempts. Agreeing that less can be spent (by approving this application or any other application for an alternative lower-cost scheme) is the greatest risk to the availability of funds for a safe and thorough restoration of the land. This in itself would allow the company to legitimately withdraw as dividends the substantial funds set aside for the restoration. Unless this happens, the company is likely financially 'locked in' to fulfilling its obligations to restore the site fully based on the approved scheme and based on the most recent accounts, has the means to do so. If these funds were dispensed in dividends or for other purposes, that would likely represent unlawful dividends or wrongful trading, both of which can engender severe penalties, including leaving the directors personally liable for the Group's liabilities. I have attached separately the full analysis by C. Lewis & Company.

Council control and conduct

Unfortunately, the Council has seemingly failed to control any aspect of MSWL's activities, including: mining far beyond its planning permission, switching off its pumps causing the void to flood, the immediate loss of almost all jobs on the site, to secure restoration by 06 December 2024, and preventing it operating an unauthorised motocross track (beyond permitted development rights) atop the largest coal tip. But perhaps most centrally, despite years of challenges from groups and individuals, key Council staff have accepted and repeated MSWL's claims that it is impractical to hold the company to fund the agreed restoration scheme, despite company accounts clearly indicating the very opposite to be true e.g. "...the approved restoration scheme is not deliverable" (as referenced earlier). Although the Council repeatedly failed to disclose on what basis it had been asserting this since at least 2023, it was made clear by the Council's request for evidence from MSWL in June 2025 that its assertion over a period of years had been contrary to the evidence available to it. A lack of finances was the primary justification for MSWL not to have funded and finished restoration by the required deadline, supposedly requiring more time to present a reduced proposal. Despite being the justification for breaching another planning condition, the Council delayed requesting this evidence of deficient finances until over half a year after the site should have been reopened to Commoners and the 58,000 residents of Merthyr Tydfil. This inexplicable conduct by the Council is concerning and warrants further investigation. It has already resulted in serious consequences for Commoners, residents, planning control across Wales, and nature recovery, and constitute the grounds to take the process out of its hands.

In its response (July 2025) to the Council's eventual request for evidence of its finances, MSWL suddenly claimed this is not a material planning issue. This is despite frequent referring to insufficient finances in its main Ecological Impact Assessment (March 2025) as a central justification



to leave behind a flooded mining void, an exposed coal-face sheer cliff-face, and three colossal coal tips dominating the skyline:

- “By amending Option 2 to retain the water body, the final restoration plan represents a more financially sustainable and environmentally conscious approach...
- balancing the demands of ecological restoration with community needs and financial realities.
- These changes represented a pragmatic approach to restoration, one that sought to maximise ecological and social gains within the limited budget.
- ...be funded by the proceeds held in the ESCROW account [suggesting it will not fund more than the £15 million held by the Council].”
- “As the Council is fully aware, there are insufficient funds within the Escrow and restoration fund to allow for the full and successful implementation of the current restoration strategy for the site.” – Planning Statement to extend the site (P/22/0237), 2002

Conclusion

Restoration of the land at Ffos-y-fran was the driving force for permitting the opencast coal mine. The Council’s belief that MSWL cannot or will not fund the agreed restoration has guided its approach towards MSWL, including its breaches of planning control. The financial burden of the restoration scheme created a chilling effect on enforcement action by the Council, perhaps extending to the Welsh Government. It materialised that there was no evidence basis for this approach, which had been highlighted by third parties. The forensic financial assessment suggests that funding does not present a barrier to implementing the full approved restoration scheme. The failures outlined in this letter, and the conclusions reached within the forensic financial assessment, will hopefully lead to the CCEIC adding itself to the list of parties requesting that the Welsh Government call in MSWL’s application to reduce the restoration by an order of tens of millions. Failing to do this will make a mockery of the Wellbeing of Future Generations Act, the Disused Mine and Quarry Tips (Wales) Act 2025, the Environment Bill, and Planning Policy Wales.

**NOTE ON THE DISCLOSURE OF MINE RESTORATION PROVISIONS
IN THE ACCOUNTS OF MERTHYR (SOUTH WALES) LIMITED**

10 NOVEMBER 2025

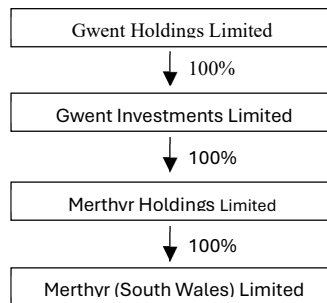


Introduction

- 1.1 I am Brendan Cashman, a Director with C Lewis & Company. I am a Fellow of the Institute of Chartered Accountants in England and Wales and A Certified Fraud Examiner.
- 1.2 I am instructed by Richard Buxton Solicitors to provide a note concerning the Ffos y Fran mine. In particular I am instructed to consider the disclosure of mine restoration provisions and the availability of cash to fund said provisions in the financial statements of Merthyr (South Wales) Limited and other related companies.

Group Structure

- 1.3 The relevant group companies are as follows, with each wholly owning the entity below it as follows:



- 1.4 Gwent Holdings Limited is in turn wholly owned by Mrs Jane Helen Louise Lewis.
- 1.5 Another relevant related company is Geraint Morgan Legacy Limited, which owns the land Ffos y Fran operates from. It is wholly owned by David Lewis.

Reporting requirements for mine restoration provisions

- 1.6 It is typical in the UK for planning permission to be granted for mines contingent on the owners/operators restoring the site once the mining license expires, at the expense of the owners/operators.
- 1.7 As security, it is also typical that in order to enforce site restoration, the relevant council will require the mine owner/operator to deposit an amount of money in an escrow account, that will be forfeited should the restoration obligations not be discharged.
- 1.8 Under UK GAAP, mining companies are required to account for these anticipated restoration costs, using the preparer of the financial statements’ “best estimate” of what it would cost to “rationally pay to settle the obligation at the end of the reporting period”.
- 1.9 Each year, the best estimate must be adjusted so as reflect a current estimate at the reporting date: note this need not be a professional valuation of the scheme, but merely the preparer’s best estimate.
- 1.10 In practise, creating a provision in the financial statements means “setting aside” an amount of profits each year over the length of the mining license, precisely such that when the obligation must be met in the future there are available profits with which to do so.

Requirements to pay a dividend in the UK

- 1.11 In general, there is a difference between the cash generated by a company and the profits generated by a company, and a company can only pay dividends out of profits that it has generated. This means there are situations where a company can be sitting on lots of cash, but can struggle to get the cash out of the company and into the hands of its shareholders.
- 1.12 Broadly speaking, this is the situation MSWL is in: its business has been very cash-generative to this point, but because it has a legal requirement to set some of that aside to restore the site, it has not been as profitable in accounting terms.
- 1.13 To be more precise, whether a UK company can or cannot pay a dividend (i.e. distribute profits to its shareholders) is governed by the Companies Act 2006.
- 1.14 Specifically, section 830 states:
- “830 Distributions to be made only out of profits available for the purpose*
- (1) A company may only make a distribution out of profits available for the purpose.*
- (2) A company's profits available for distribution are its accumulated, realised profits, so far as not previously utilised by distribution or capitalisation, less its accumulated, realised losses, so far as not previously written off in a reduction or reorganisation of capital duly made...”*
- 1.15 A dividend that is paid without having sufficient profits/reserves to do so is called an unlawful dividend. The penalties for making an unlawful dividend can be severe and can result in personal liability for the directors.

Observations from financial statements

- 1.16 Each of the companies in the group prepares its financial statements to 31 December, meaning that accounts are due at Companies House by 30 September the following year; each of the group companies has not yet filed accounts for the year ended 2024. This means that at time of writing, the latest publicly available financial information is to 31 December 2023.

Merthyr (South Wales) Limited

- 1.17 The (audited) financial statements of MSWL include, inter alia, the following at 31 December 2023:
- Amounts due from parent undertakings of £94,937,629.
 - Cash at bank and in hand of £1,168,958.
 - Cash funds held by LPAs as part of its s106 commitments of £15,413,773.
 - Operating provisions relating to restoration costs of £91,173,578.
 - Profit and loss reserves of £4,295,754.
- 1.18 The financial statements also provide the following narrative description of the operating provision:
- “The provision relates to the costs of returning land disturbed during mining activities including aftercare costs...”*

1.19 As noted in the “Risk management” section:

“Full account has been taken for funding the restoration obligation in the future costs and cash flows.”

1.20 In accounting terms, position appears to be that even if MSWL now has to pay the full restoration costs of £91m, they would have profits of £4m left over. If somehow it did not have to pay these restoration costs, there would be profits of £95m left over.

1.21 Note that MSWL does not have the cash itself to fund the restoration costs: this is because substantially all of the lifetime profits from the mine have been loaned to the ultimate parent company, Gwent Holdings Limited.

Other Group Companies

1.22 The cash generated from operating Ffos y Fran is still held in the Group, and can be seen in the financial statements of Gwent Holdings Limited, which has cash at bank and in hand at December 2023 of £118,270,182 (and a matching amount due to group undertakings of £94,937,629). This amount is more than enough to satisfy the amount provided for in the accounts of MSWL. In other words, GHJ appears to hold significant cash reserves on behalf of MSWL, which are in excess of the amounts required to satisfy the restoration costs provided for.

1.23 Note that to fund a restoration costing £91m likely only requires MSWL to provide £76m in cash, as the Local Council holds £15m on its behalf.

1.24 Overall, the Group holds cash of £120,909,915, although only has profit and loss reserves (from which it can pay dividends) of £54,411,980.

1.25 In practical terms, this means it will be relatively easy (and legitimate) for the shareholders to extract the first £54m from the business – be it in dividends, salaries, commissions, etc.

1.26 After that, the profit and loss reserves will be negative (principally, due to the requirement for MSWL to fund the restoration), and it will become harder for the owners to extract the remaining (approximately £67m of) funds:

1.27 If they attempt to do so via dividends, these will be unlawful dividends which may leave the directors personally responsible for the Group’s liabilities.

1.28 If they attempt to do so via any other means (salaries, commission payments etc) the business may now be wrongfully trading, which can also leave the directors personally responsible for liabilities.

Current implication

1.29 At present, although the mine has generated a lot of cash (to the tune of some £90m), it has not generated as much profit, due to the requirement to set aside earnings in order to restore the site after mining operations cease. In practise this makes it difficult for the ultimate shareholders to receive and benefit from this cash.

1.30 From an accounting perspective, the easiest way for the shareholders to get the cash generated from the mining operations would be to renegotiate what was required of it by the local council.

1.31 If the council were persuaded that a smaller restoration scheme would be appropriate (say, for half the costs), MSWL could then legitimately reduce their restoration provision as they would be able

to satisfy their obligation for half as much. This would mean creating another c. £45m in profits which could be legitimately issued to the shareholders as dividends.

- 1.32 MSWL and its shareholders therefore have a huge interest in the Council agreeing to a smaller restoration scheme, as this could free up large amounts of cash for distribution as profits. This may well be the simplest route available to the shareholders. However, the latest available information about the Group accounts indicated that they have significant cash reserves available that could be devoted towards the restoration liability, for which provision has been made in a total amount of £91,173,578.

Responses to specific comments made by Merthyr (South Wales) Limited

- 1.33 We have seen various instances and manners by which Merthyr (South Wales) Limited claim that they are unable to afford the full costs of restoration. These include the following:

- *“there are insufficient funds within the Escrow and restoration fund”* – Planning Statement for 2022 extension application P/22/0237
- *“insufficient funds in the Restoration Fund held by the Council, together with funds set aside by the Company”* - Delegated Report for 2022 extension application P/22/0237
- *“In 2016 the original owners of the company who were operating the mine were released from their original obligations to restore the mine, this was subsequently replaced by an Escrow Account in the amount of £15m which is fully funded along with a parent guarantee provided by Merthyr Holdings Limited.”* - Final restoration strategy for alternative restoration proposal P/25/0037

- 1.34 We stress that these claims require careful parsing.

- 1.35 It is certainly true that if the restoration scheme will cost in the order of £90m, there is not enough available in the Escrow account alone. Note that MSWL also refers to the Escrow account as the “Restoration Fund”, implying the “Escrow and restoration fund” referred to in the Planning Statement does not appear to relate to two sources of funding, but merely the £15m.

- 1.36 The excerpt from the Delegated Report for 2022 extension application may also be carefully worded: “funds set aside by the Company” may be carefully sidestepping the fact that there appears to be a £91m provision set aside, albeit the funds available to settle the obligation are held by the parent company rather than the Company itself.

- 1.37 It is likely true that the original owners of the company who were operating the mine were released from their original obligations to restore the mine. However, if it were correct that the new owners of the company were not bound to those obligations (or other similar obligations), I would not expect the financial statements to contain a provision. However, the financial statements do contain a provision of £91m, reflecting the preparer’s (Mr D Lewis) best estimate of the amounts that will be required to settle MSWL’s obligation.

- 1.38 It therefore does not appear that Mr D Lewis believes that MSWL’s obligation is limited to the £15m that is held in escrow, and given the financial statements have been audited, neither do the auditors.

Conclusions

- 1.39 From the information available to me, the following can be said:
- 1.40 At 31 December 2023, Mr Lewis has attested (by signing the financial statements of MSWL) that his best estimate of the costs required to restore the site at Ffos y Fran was £91.2m.
- 1.41 The full amount of the restoration costs has been loaned by MSWL to Gwent Holdings Limited, another Group company.
- 1.42 As at 31 December 2023, Gwent Holdings Limited still holds cash in excess of this amount, and so, if it were to repay MSWL what it owes, MSWL would be able to fully fund the £91.2m restoration costs.
- 1.43 Even if Gwent Holdings Limited were to distribute all of its available profits (which it has not done based on the information available at time of writing), it would be left with cash of around £67m which it could likely not distribute lawfully without wrongfully trading. Together with the £15m held in escrow this would fund substantially all of the £91m required for the full restoration scheme, and even if it did not have the full amount in cash, the company would have assets that would in principle be available to fund the liability to MSWL.



Brendan Cashman

10 November 2025



Jennifer Lloyd
Friends of the Earth Cymru
C12
Cathedral Road
Cardiff
CF11 9LJ

4th December 2025

Dear Climate Change, Environment and Infrastructure committee,

We are writing to the committee to ask for your supporting in urging the Welsh Government to call in planning application P/25/0037, concerning the restoration of Ffos-y-Fran, which is currently under consideration by Merthyr Tydfil County Borough Council (MTCBC).

Attached is the request for a call-in that we submitted to Welsh Government on 7th May 2025. To date there has been no direction made to call-in the application. We are also aware of other requests for a call-in sent by local activists and other environmental organisations.

Since we submitted this call-in letter there has been further concerns raised over planning application P/25/0037 and the company Merthyr (South Wales) Ltd's willingness to deliver what has been promised to the community and that they have an obligation to deliver – full restoration of the site.

These additional concerns are outlined here;

Failure to fulfil the originally promised restoration commitments

Planning application P/25/0037 proposes a significantly reduced scheme to what was promised to the community during the initial planning approval. If approved, it would leave Merthyr residents with dangerously steep slopes, new coal tips and a huge water-filled void above the town.

The cost of this reduced scheme, according to the planning documents, is £15million, which is to be funded wholly by the money set aside in an escrow account that was established when Merthyr (South Wales) Limited (MSW) first received permission to mine for coal at Ffos-y-Fran. The fund exists to make the site safe should the mining company renege on their obligation to deliver the final restoration. It was never intended to finance the restoration itself.

MSW claim that they do not have [sufficient funds](#) to carry out the promised restoration work and this is why they are applying to undertake a reduced restoration scheme, however their accounts [filed at the end of 2023](#) show that they have £91.3 million set aside for the restoration of the scheme – enough to deliver the original remediation scheme promised to residents.

We were informed that the escrow agreement between MTCBC and MSW was amended in March 2024, but despite an FOI request by [REDACTED]—upheld by the Information Commissioner—the council has refused to release the updated agreement and is currently appealing the direction.

The document is crucial to the integrity of the planning process. A decision cannot be made without public and statutory consultees being able to scrutinise it.

It seems evident that MSW are trying all that they can to have the reduced and inadequate scheme approved to avoid the cost of restoration, despite profiting millions from the coal mine. They are putting their own profit before the safety needs of the community

Safety of the site

Mining for coal stopped officially 2 years ago - although coal mining continued beyond that point. The community has since been left with a dangerous hole in the hill above their town that is filling with water and present a risk to environmental health and people's lives. The site has also been left with steep slopes and new coal tips, and there are still no moves to make the site safe for residents of Merthyr Tydfil.

It is crucial that the full remediation scheme, as originally approved, is undertaken as soon as possible to ensure the safety of the community of Merthyr.

Senedd CCEI report on restoration of opencast mine sites

In the Report on Restoration of opencast mine sites, published by this committee in August 2024, a series of recommendations were made regarding the remediation of Ffos-y-Fran and the process for approval of the revised remediation plan. It is evident now that a number of these recommendations are not being upheld.

- **Recommendation 23:** Requires that the revised restoration plan must meet, at minimum, the objectives of the original plan, including safe public access, habitat creation, heritage protection and restoration of common land. The proposed reduced scheme—with its steep slopes and a potentially toxic water body—clearly fails this test.

- **Recommendation 24:** Requires full involvement of local residents in reviewing revised plans. This is impossible while key documents, the escrow agreement, are being withheld from the public.
- **Recommendation 25:** Requires MTCBC to publish the revised restoration application and associated reports. Withholding the escrow agreement—integral to understanding the scheme’s financial viability—directly contradicts this recommendation.

Gives rise to controversy beyond immediate locality

We outlined in our call-in letter on 7th May many reasons that the application for the restoration of Ffos-y-Fran gives rise to controversy beyond the immediate locality. This has continued to be the case, and just today the BBC released an article highlighting numerous dangers that continue to pose a safety risk to the community in Merthyr Tydfil.

Most notably the new coal tips that have been created from the overburden of MSW’s mining operations, which consultants on behalf of the council have said “pose an ongoing risk to the residents of Merthyr Tydfil and a potential financial burden” to the council.

Wales is already dealing with the remediation costs of thousands of disused coal tips, a fly in the face of the polluter pays principle, we cannot allow new ones to be created.

[Waste plan at UK's largest opencast mine Ffos-y-Fran 'dangerous' - BBC News](#)

We expect that MTCBC will try to make a decision on the revised restoration scheme over the next couple of months, so it is crucial that the Welsh Government intervenes and calls in this application for the points listed in our original letter of 7th May, but also in consideration of the above new information.

We hope that the CCEI committee supports this request and adds their own voice to the call on the Welsh Government to use its powers to call-in this application for a thorough and impartial scrutiny by Welsh Ministers.

Your sincerely

Jennifer Lloyd on behalf of Friends of the Earth Cymru

Jennifer Lloyd
Friends of the Earth Cymru
C12
12 Cathedral Road
Cardiff
CF11 9LJ

7th May 2025

Request to call-in Ffos y Fran reclamation scheme (p/25/0037)

We formally request that the Welsh Government calls in planning application P/25/0037 submitted to Merthyr Tydfil County Borough Council concerning variation of conditions involving revision to the restoration scheme of Ffos y Fran opencast coal mine.

Given the national significance of this application, both in terms of community and environmental impact, and the precedent it could set for the restoration of coal sites in Wales, we believe it is essential that this application is called in and the decision made by the Welsh Ministers.

We are requesting that the application is called in on the following points as outlined in [Paragraph 1.35 of Planning Policy Wales](#) :

- **The site gives rise to substantial controversy beyond the immediate locality**

Ffos y Fran has given rise to substantial controversy beyond the immediate locality since mining began in 2007.

The opencast coal mine has received widespread national and even international attention for a number of years, attracting media coverage from several Welsh and UK news sites, first relating to its initial planning application, numerous times during the coal mines operation, and more recently when the company [continued to operate without planning permission for over a year](#), unlawfully mining more than 600,000 tonnes of coal.

Ffos y Fran also received international scrutiny when it was the subject of an [investigation by the EU Commission](#) due to potential breaches of EU environmental law. It was also the subject of a [UN special rapporteur inquiry in 2017](#), which raised many concerns.

In 2024 the restoration of Ffos y Fran coal mine was subject to a Senedd Inquiry evidencing that the scheme is considered enough of a national controversy to make it into Senedd business. The report noted numerous times the company's complete disregard to its responsibility to restore the site, as was the

basis for the approval to mine there in the first place, and said that the company's attitude to the inquiry was ["is emblematic of the company's behaviour towards the local authority and residents."](#) It is evident from this proposal that the company is trying to do as little as possible and put their private profit before the community safety.

Due to this history and context, the application is likely to give rise to continued controversy.

Throughout March and April, Friends of the Earth Cymru alongside members of the local community, carried out community engagement in Merthyr town centre to raise awareness of the proposals. Over these days we spoke to hundreds of people from right across south Wales, and some further afield. Awareness of Ffos y Fran opencast coal mine was widespread and the feeling from everyone was clear: the community deserves better, and the site should be fully restored.

If this significantly watered-down version of the scheme is given planning permission, it sends a message to other coal operators that they can get away with it too. This is particularly timely whilst the Senedd is considering legislation to manage the risks of the thousands of coal tips across Wales.

All eyes are on this proposal to see whether a decision is made in favour of community and environmental safety, or in favour of private profit.

- **The proposal is in conflict with national planning policies**

The restoration scheme being proposed by Merthyr (South Wales) Ltd is in conflict with several national planning policies which have been outlined below;

Planning Policy Wales (PPW)

PPW 12 in 5.14.50 "Restoration and Aftercare" states that ["planning conditions should ensure that land affected by mineral extraction is restored to a high standard suitable for its agreed after-use"](#).

The original planning application approved an [agreed after use](#) "The primary land use proposed on the restored site will be to return it to its former use as urban common land for stock grazing, with public access for air and exercise."

However, the proposal currently sitting with Merthyr County Borough Council for consideration will not return the site to its former use and will present significant hazards to the local community of steep slopes, new coal tips and deep water that will be dangerous to members of the community if they were to use it for exercise.

Mineral Technical Advice Note 2 – Coal (MTAN2)

MTAN2 explicitly states that "Wherever possible, land will be re-instated to contours and levels similar to original ground surface." Application P/25/0037 proposes to leave the giant void created by the coal mining operations, as well as leaving new coal tips, the exact opposite of what is required by policy relating to remediation of coal sites.

Based on these direct conflicts to national planning policy we strongly urge to Welsh Government to call in this application to ensure remediation of the site is carried out in line with policy and to a high standard that is safe for the community.

- **The proposals are likely significantly to affect sites of scientific, nature conservation or historic interest, or areas of landscape importance**

This proposal will have a significant impact on the local landscape by leaving behind a flooded coal mining void and substantial coal tips.

This adverse impact is in directly conflict to the local authority's landscape policy EnW5 Landscape Protection which requires that "proposals do not cause unacceptable harm to the character and quality of the County Borough" and that development and land use changes should protect and enhance the area's distinct environmental and cultural landscape assets.

These impacts are exacerbated by the site being so close in proximity to the Bannau Brycheiniog National Park.

This proposal is fundamentally at odds with the policy requirements to protect and enhance the landscape.

Based on the above reasons we strongly urge the Welsh Government to call in application P/25/0037, to ensure scrutiny in line with national policy.

Yours sincerely

Jennifer Lloyd on behalf of Friends of the Earth Cymru

Dear CCIE Committee,

could I please prevail on you to help us with our ongoing issues in trying to get the Ffos-y-fran mine owner, Merthyr (South Wales) Limited to deliver on their obligation to provide the final restoration of the site as originally promised and as specified in 2007. The current mine owner, Merthyr (South Wales) Limited (MSW) signed-up to this contract in 2015 when they took over the mining operation from Miller Argent (South Wales) Limited

Request:

Could you please urge the Welsh government to call-in the Section 73 planning proposal [*P/25/0037*] Variation of conditions 4 (Duration of Restoration), 6 (Approved Plans) and 50 (Restoration Strategy) of planning permission APP/U6925/A/10/2129921 involving a revision to the restoration scheme] and provide an objective, public determination of the proposal as we feel strongly that it cannot now receive this objectivity, nor visibility, if the responsibility were to be left to the MTCBC Local Authority to determine

Reasoning:

The operator is still very much continuing in his attempt to deliver a much reduced scheme despite demonstrating the financial wherewithal to provide the original scheme in full. They have over several years demonstrated in their company accounts that they were putting sufficient funds aside to cover the costs of that full restoration work and in the latest accounts submitted to Companies House, y.e. 2023, they show a figure of £91.2 million.

This should be more than enough to cover the cost of the full restoration of the site as suggested by an estimate of £50-60 Million provided by Mr Hugh Towns, Mineral Planning expert, in his presentation to yourselves in May 2024. Informal estimates secured by ourselves were even less than that figure when using alternative, but industry best practice, working methods.

The vastly overinflated figure of £120-125 Million that is being used to justify the 'financially undeliverable' argument is an unsubstantiated figure that was produced out of a desk exercise in the MTCBC LPA by one of its officers, not a professionally produced estimate from a full civil and mining engineering survey of the site and the work/work methodology required. This was confirmed by the lead planning officer in MTCBC LPA, and it is most likely to be wholly unrepresentative of the actual cost.

We need the intervention of the Welsh Government to call-in the Section 73 planning application for a much reduced final restoration of the Ffos-y-fran mine site submitted by the mine owner, Merthyr (South Wales) Limited, take control of the situation, and provide the more objective scrutiny that this issue needs and deserves. We need the Welsh Government to call-in and determine the application.

Our call-in request has been sitting with the Planning and Environment Decisions Wales PEDW department since 16th April of this year (2025) and I know of several other requests for a call-in from other organisations. PEDW have declined to place a hold directive, stop order, on the planning application to stop MTCBC determining the application which would pre-empt and nullify the call-in request.

We fear that the MTCBC LA have capitulated to the mining company's demands and are presiding over, or even facilitating the provision of a massively reduced final restoration of the Ffos-y-fran site to the detriment of the Merthyr residents. We cannot understand why this needs to be as, to us, there would be a clear breach of contract if MSW did not deliver the full and final restoration of Ffos-y-fran as specified in the 2007 planning consent.

The Section 73 planning application proposes a significant reduction in the scope of the final restoration of the site despite the mining company's patent ability to afford to meet their contractual and moral obligations under the original contract. The scheme would leave us with a dangerous deep mining void with a polluted lake at the bottom and 3 massive new spoil tips, at a time that we are struggling to find funding to inspect, maintain and remediate the existing, historic spoil tips in Wales.

Along with this, the MTCBC LA/LPA amended the surety/safety-net escrow account's contract (March 2024) to enable the release of money to the mining company to deliver an 'Interim Restoration' scheme that has not been subject to public scrutiny via the planning system. MTCBC claim that the work is being delivered under the existing planning consent, but we question this. This 'Interim Restoration' scheme is being funded by the same money as the Section 73 planning application, the £15 Million in the escrow account, and is delivering the core work specified within that S73 application.

This release of the escrow account contract(s) would answer these questions, but MTCBC have refused to let us have sight of it. We asked for access to it via the Fol process and then, after further refusal via internal appeal, we contacted the Information Commissioner's Office (ICO). The ICO subsequently directed MTCBC to release a copy of the contract into our hands, but they refused and have now challenged the ICO decision by appeal. This appeal will not be heard until sometime around April of next year (2026).

We are concerned that the key aspirations of the S73 proposal are being delivered via the 'Interim Restoration' work without public scrutiny using a contrived meld of existing planning consent and doubly allocated funding.

We feel that the MTCBC Local Authority and Local Planning Authority are far too close to the mining company in this case and are involved in supporting, even facilitating the mining company's attempts to avoid its contractual responsibility to provide the full and final restoration of Ffos-y-fran.

It is to be remembered that this is a land reclamation scheme, first-and-foremost, and the full and final restoration of the site would be the culmination of the only real benefit to the local residents. For us, after suffering at the hands of the opencast coalmining operation for nearly 17 years the failure to deliver on this promise would be the final ignominy. The work was approved to make safe dangerous and derelict land for public amenity and agricultural use. The irony is that, if we cannot change the current situation, we are now likely to be left with dangerous and derelict land dressed as a more environmentally beneficial solution.

Chris and Alyson Austin
Residents - Merthyr Tydfil

Wednesday 4th December 2025

	Work	Planning Consent	Funding	Situation	Issue
1	Original Scheme Final Restoration Phase	Original (2007), and still current, planning consent	Developer responsible for full funding of the restoration work. £91.2 Million set-aside in y.e. 2023 accounts	Possibly abandoned by MTCBC and MSW in favour of a minimal restoration scheme	The local community were promised this and deserve it to be delivered. This was the principal aim-of/driver-for the land reclamation scheme. The coal was just to fund it
2	Interim Restoration (a mirror of the proposed S73 core work)	No specific planning consent gained it is claimed, by MTCBC LPA, to be running under the original planning consent	The £15 Million 'bond' money lodged in the escrow account	Work ongoing and has been so for over a year to our knowledge	We fear that this is it; the only restoration work that will be delivered. It may be delivering the S73 work without receiving scrutiny, nor specific planning consent!
3	Section 73 planning application Minimal Restoration Proposal	None The application is in pre-application phase	None - Cost capped at £15 Million and planned to use the full escrow account 'bond' money to finance	In limbo currently - awaiting further information from the developer	This would absolve the mining company of their contractual obligation to deliver the full, final restoration of the site and allow them to keep their £91 Million set-aside money

Agenda Item 3.6

From: Tessa Marshall – Wales Environment Link

Sent: 27 November 2025 13:11

To: Gruffydd, Llyr (Aelod o'r Senedd | Member of the Senedd)

Subject: Letter sent to DFM re adequate resourcing to marine biodiversity

Dear Llyr Gruffydd MS, Chair of the CCEI Committee,

I'm writing to let you know the WEL Marine working group has recently written to the Welsh Government regarding the inadequate resourcing of marine biodiversity. The letter is attached herewith.

We have become concerned regarding the resourcing of marine biodiversity, as staffing increases appear to be made in regards to renewable energy and offshore wind; without equivalent increases for marine biodiversity teams. This could further place marine biodiversity at risk.

We are hoping to secure some more detailed information regarding staffing in these areas from the DFM. Do let us know if you have any information or pointers regarding this matter. We hope to secure commitments to increase resourcing and enable proper care for the marine environment in the coming months and years.

As you may be aware, the WEL manifesto also includes detailed asks to restore our oceans in the next Welsh Government, and resourcing will be key to delivering against these.

Many thanks in advance,

Tessa

Tessa Marshall (hi/ei) / (she/her)

Swyddog Polisi / Policy Officer

Cyswllt Amgylchedd Cymru / Wales Environment Link

Huw Irranca-Davies MS,
Deputy First Minister of Wales,
Via email

27th November | 2025

Adequate Resourcing for the Marine Environment

Dear Deputy First Minister,

As you know, our marine environment is in a critical state. 1 in 6 species in Wales are at risk of extinction – including a significant number of marine species. In June, Natural Resources Wales [published](#) new condition assessments for a total of 85 features designated across 17 marine special areas of conservation (SACs) and special protected areas (SPAs). Of these 32 features were in favourable condition (38%), 47 were in unfavourable condition (55%) and 6 were in unknown condition (7%). We commend the significant amount of work that went into the production of these assessments, which could be incredibly useful for improving marine management going forward.

However, it appears better resourcing is needed to deliver improvements in marine environmental management. The updated condition assessments – although helpful - did not account for all Marine Protected Areas in Wales. It was furthermore disappointing to see the recent [Species at Risk](#) report by NRW did not include any consideration of marine species, further indicating that marine biodiversity is not being appropriately resourced.

Marine biodiversity underpins ocean resilience, supports our coastal communities, and sustains our economy. However, pressures upon the marine environment are only increasing. The Marine Conservation Society's Beachwatch data highlighted a 4% increase in marine litter in Wales last year, and we saw sewage discharges at an average of more than one every five minutes. We are also increasingly concerned that the [ambitions for renewable development](#) in the Celtic Seas will add increasing pressure upon the MPA network in Wales and is already adding additional resource

and capacity constraints upon the Marine Biodiversity and Ecosystems Team and the Marine Planning Team.

Indeed, the Welsh Government commissioned [Independent review of marine planning approaches in Wales](#) (2025) identified the following as a “threat”: “public sector resourcing and budget in Wales are constrained”. Similar concerns were also raised in a [report](#) on marine planning in Wales undertaken by Howell Marine Consulting. Furthermore, marine biodiversity is facing additional challenges from the impact of fisheries in the offshore zone, where bottom trawling is occurring and impacting Welsh inshore fisheries and biodiversity across our seas. Given the scale of the challenge, we are sure you would agree adequate staffing in nature recovery and biodiversity – in NRW and the Welsh Government - is essential.

The Future Generations Report 2025 outlined, ‘[nature recovery is currently the best way for Wales to sequester more carbon and increase resilience to climate change effects](#)’. Yet, there appears to be a considerable imbalance between the capacity of those teams in the Welsh Government working in marine biodiversity and marine planning, and those working in energy and terrestrial planning and biodiversity. Adequate resourcing is not only an environmental necessity but also key to protecting the well-being of future generations.

Therefore, we would like to request you share information pertaining to the resourcing of the Marine Biodiversity and Ecosystems Team, and the Marine Planning Team, how this compares to the resourcing of the renewable energy teams, and any assessments of the effectiveness of the work programme regarding marine biodiversity over the sixth Senedd. We would also welcome the opportunity to see any plans to increase capacity to ensure marine biodiversity is adequately protected and restored while marine development is enabled.

Further, we ask that you would meet with us to discuss these concerns further, so we can hear more about the Welsh Governments ambitions to protect crucial marine biodiversity for future generations.

Cofion gorau,

Jacques Villemot and James Hitchcock

Co-Chairs

Wales Environment Link Marine Working Group

Swyddfa Caerdydd

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Agenda Item 3.7

Huw Irranca-Davies AS/MS

Y Dirprwy Brif Weinidog ac Ysgrifennydd y Cabinet dros
Newid Hinsawdd a Materion Gwledig
Deputy First Minister and Cabinet Secretary for Climate
Change and Rural Affairs



Llywodraeth Cymru
Welsh Government

Mike Hedges MS
Chair
Legislation, Justice and Constitution Committee
Welsh Parliament
Cardiff Bay
CF99 1SN

5 December 2025

Dear Mike,

In accordance with the inter-institutional relations agreement, I wanted to report on the latest meeting of the Inter-Ministerial Group for Environment, Food and Rural Affairs on 24 November 2025.

I chaired the meeting which was attended by attended by Jim Fairlie MSP, Minister for Agriculture and Connectivity of the Scottish Government, and Gillian Martin MSP, Cabinet Secretary for Climate Action and Energy also for the Scottish Government. Andrew Muir MLA, Minister of Agriculture, Environment and Rural Affairs attended for the Northern Ireland Executive. The UK Government was represented by Emma Reynolds MP, Secretary of State for Environment Food and Rural Affairs, and Baroness Sue Hayman, Parliamentary Under-Secretary of State at the Department for Environment, Food and Rural Affairs.

I have issued a Written Ministerial Statement summarising the discussions.

I have also copied this letter to the Climate Change, Environment and Infrastructure Committee and the Economy, Trade and Rural Affairs committee.

Yours sincerely,

Huw Irranca-Davies AS/MS

Y Dirprwy Brif Weinidog ac Ysgrifennydd y Cabinet dros Newid Hinsawdd
a Materion Gwledig
Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400

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Gohebiaeth.Huw.Irranca-Davies@llyw.cymru
Correspondence.Huw.Irranca-Davies@gov.wales

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.

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