

Huw Irranca-Davies MS

Cabinet Secretary for Climate Change and Rural Affairs

27 June 2024

Dear Huw,

### Progress towards emissions reduction

Thank you for attending the Committee's 22 May 2024 meeting to give evidence in connection with Wales' progress towards emissions reduction.

Following your evidence session, the Committee agreed I should write to you to set out its views on several matters and to ask for clarification and further information on other matters to support future scrutiny.

We are aware that your response will require input from other Cabinet Secretaries.

### Cross-government approach to climate change

At the start of the Sixth Senedd, the Welsh Government created a dedicated Climate Change Ministry, bringing together for the first time key policy areas of housing, planning, transport, energy and environment to advance action on climate change. Following the reconfiguration of the Cabinet in March 2024, these policy areas were redistributed across four Cabinet Secretary portfolios.

During your evidence session, we asked about the potential impact of this redistribution on progress towards delivery of Net Zero Wales and climate change targets. You said the 'super Ministry' had been appropriate at a point in time to drive action, but that climate change has now been "embedded in Government". As such, the configuration of the Cabinet "in some ways doesn't matter". You emphasised that each Cabinet Secretary has an obligation and is committed to delivering Net Zero Wales and Carbon Budget 2 (CB2).



When asked how you, as Cabinet Secretary for Climate Change, will work with your Cabinet colleagues to ensure continued focus on climate change across portfolios, you said, "I can...seek to add my shoulder to encourage, explore opportunities that we can go further".

In commenting on the need for internal governance structures to oversee the delivery of Net Zero Wales and CB2, you referred to the existing Director-level Climate Change Portfolio Board, which provides strategic governance for developing and delivering policy. You added that you were considering whether additional structures may be needed.

1. We would welcome further evidence to support your assertion that climate change is now embedded across Government.
2. We would like you to report back to the Committee on the outcome of your discussions on future internal governance structures.

### Progress towards Carbon Budget 2

The [2021 Welsh emissions data](#) provides the first indication of performance against CB2, which is set at an average reduction in emissions of 37% against the 1990 baseline over the five-year carbon budgetary period. The data shows an increase in emissions of 7% compared to 2020 and a 35% reduction against the baseline.

When asked about the 7% increase, you explained it was not unexpected and was a consequence of the economic rebound following the COVID-19 pandemic. You cautioned against drawing conclusions from annual data, emphasising the need to look across the five-year carbon budgetary period to assess performance against the overall trend in emissions. In addition, you asserted that the 35% reduction was consistent with the statutory requirement for an average reduction of 37% and that the Welsh Government currently anticipated it was on track to meet CB2.

While we note these points, we are concerned that the 2021 data suggest a slowing of progress towards emissions reduction. We seek further assurance that this is not the case.

CB2 was set at the minimum level (37%) recommended by the UK Climate Change Committee (UK CCC) in its [December 2020 advice](#). The UK CCC made clear that the Welsh Government would need to outperform this if it is to meet Carbon Budget 3 (CB3) and the 2030 interim target. To this end, the Welsh Government aims to achieve a 44% reduction against the baseline.

We are concerned that while the 35% reduction is consistent with the statutory requirement (37%), it is a long way off the more ambitious 44% reduction needed to stand the Welsh Government in good stead to meet future, more challenging targets.

3. We would welcome an explanation of the basis for your assertion that the Welsh Government is currently on track to deliver CB2. Please provide evidence to support this assertion.
4. We seek clarification on whether the Welsh Government is currently on track to meet its aim of achieving an average reduction in emissions of 44% against the baseline over CB2.

When you appeared before the Committee, the latest Welsh emissions data was for 2021. We are aware that data for 2022 have been published since then.

5. We would like you to report back to the Committee on changes in emissions across each sector between 2021 and 2022, as well as the reduction in emissions in 2022 against 2021 and the baseline. Please include an analysis of the reasons for those changes.

### Climate Change Committee's assessment of progress

The UK CCC's latest [Progress report: reducing emissions in Wales](#) (June 2023) makes for worrying reading. According to the UK CCC:

*"Wales has made insufficient policy progress since our last progress report in 2020. Many of our recommendations made to the Welsh Government, either in that report or in our 2022 progress report to the UK Government, have seen either insufficient or no progress, this is particularly striking in the building sector."*

The UK CCC cautions that Wales is not yet on track to meet its targets for the second half of this decade and beyond, and there are significant risks to meeting CB3, particularly in the agriculture, land use, land-use change and forestry (LULUCF), and buildings sectors. This is of serious concern to us.

The report includes 58 recommendations for measures the UK CCC considers are needed to meet CB2 and future carbon budgets and targets. The Welsh Government [responded](#) to the report in December 2023. We acknowledge it is the Welsh Government's prerogative to decide whether and how it uses the UK CCC's recommendations to inform its approach to emissions reduction. Nevertheless, it is regrettable that the Welsh Government chose to accept only 35, with the remainder either partially accepted (21) or rejected (2).

6. We expect the Welsh Government to make demonstrable progress towards implementing the UK CCC's recommendations during the remainder of this Senedd term. We seek assurance from you that you will work with your Cabinet colleagues to ensure they afford sufficient priority to implementing those recommendations.

### *Reducing agriculture emissions*

We are concerned about the limited progress in reducing emissions in the agriculture and LULUCF sectors in recent years, as outlined in the UK CCC's report. Looking ahead, the new Sustainable Farming Scheme (SFS) provides a unique opportunity to support the agriculture sector to contribute fully to the delivery of Wales' climate change commitments. The SFS must be designed to ensure it is capable of driving emissions reduction in the agriculture sector and increasing the size of the carbon sink.

When asked how the Welsh Government had engaged the UK CCC in developing proposals for the SFS, the former Minister told us, “The UK CCC reports and recommendations have been considered and have influenced policy design and the scheme’s development.” She added, “The SFS framework is designed to be an iterative process, so officials will continue to engage with the UK CCC as appropriate.”

In giving evidence to the Environment, Trade and Rural Affairs Committee, the UK CCC said it had not been consulted on the latest proposals for the SFS (published in December 2023). We are concerned that the Welsh Government has not taken full advantage of the UK CCC’s expertise to inform the development of the SFS to date.

7. We would like you to explain why the Welsh Government did not seek the UK CCC’s views on the latest proposals for the SFS (published in December 2023).

8. Before finalising the SFS, we expect you to consider how best you can utilise the UK CCC’s expertise to ensure the SFS can make the necessary contribution to the delivery of carbon budgets and climate change targets.

As you know, the Committee recently conducted a short inquiry into the proposals for an SFS and has been following developments closely since then. We will write to you with our high-level conclusions on the proposals before the end of the summer term.

During your evidence session, you acknowledged that there will be farm businesses that operate outside of the SFS. You highlighted the need to “work with, and look at the ways in which we can help them deliver on carbon reduction as well”.

9. We would welcome an explanation of the incentives/measures that you intend to put in place to support farm businesses that do not participate in the SFS in reducing emissions and maximising carbon sequestration.

### *Reducing buildings emissions: decarbonising existing homes*

You will be aware of the Committee’s ongoing interest in the Welsh Government’s efforts to decarbonise Wales’ existing homes. Our report, [Decarbonising the private housing sector](#) (February 2023) sets out our concerns about the Welsh Government’s current approach to decarbonising the sector. We have highlighted the need for the Welsh Government to provide clearer and stronger strategic direction, credible policies to incentivise retrofit, and financial solutions for the ‘able to pay’, among other things.

At the time of our inquiry, the former Minister set out her intention to develop a residential housing decarbonisation route map to provide strategic direction for decarbonising Wales’ homes. While

progress towards development has been slower than we would have liked, we note from your evidence that the Welsh Government is aiming to publish the route map in autumn 2024.

10. We seek assurance from the Welsh Government that the route map will include key milestones and interim targets to facilitate and support scrutiny of progress towards delivery, as recommended in our 2023 report.

### Improving transparency and accountability

#### *Assessing the impact of Net Zero Wales policies*

In March 2023, the Committee scrutinised the former Minister for Climate Change on the Welsh Government's Final Statement for Carbon Budget 1 and the 2020 interim target (December 2022).

In considering the Final Statement, it was difficult to assess how policies in the Low Carbon Delivery Plan had contributed towards emissions reduction over Carbon Budget 1 (CB1). This was because qualitative commentary had been used to track certain performance indicators, and a significant number of indicators had not been rated. At that time, the former Minister acknowledged the limitations of the Monitoring, Reporting and Verification (MRV) system and said the Welsh Government was “building its evidence base and will improve the system over time”. She also told us that performance indicators for CB2 would be developed once the 2021 Welsh emissions data were available.

11. We request an explanation of the improvements made to the MRV system since the start of the current carbon budgetary period. We seek assurance that these improvements will ensure the MRV system is capable of tracking the implementation of policies in Net Zero Wales and their effectiveness in reducing emissions, as promised by the Welsh Government.

12. We request that you share the performance indicators for CB2 with the Committee and commit to publishing them to improve transparency.

### *Improving scrutiny arrangements*

Early in this Senedd term, we highlighted the need for the Welsh Government to improve arrangements for reporting on progress towards delivery of Net Zero Wales and CB2 to better support scrutiny. We recommended that the Welsh Government commit to publishing annual progress reports on the delivery of policies and proposals in Net Zero Wales, among other things. While the former Minister was not in favour of annual progress reports, she accepted our recommendation in principle. Despite this, the Welsh Government's approach to reporting progress remains unchanged.

During your evidence session, we explored the possibility of the Welsh Government making available MRV system data to better support scrutiny. You said you had no plans to do this, again, emphasising

the need to look across the five-year carbon budgetary period to assess performance. You added, “we’ve actually got a raft of measures that we can be held accountable on”, referring to the statements made after each carbon budgetary period and to the UK CCC’s independent progress reports, required under the Environment (Wales) Act 21015.

We believe there are inherent weaknesses in the current statutory reporting requirements. The five-year reporting cycle means the Welsh Government will not publish a final statement on Net Zero Wales and CB2 until 2027, i.e. in the Seventh Senedd. This ‘retrospective scrutiny’, undertaken two years after the end of the carbon budgetary period, will be of a future Welsh Government by a future Senedd. While this type of scrutiny may serve a purpose, it is of limited value when seeking to improve government effectiveness and outcomes. It should not be a substitute for ongoing scrutiny of the serving Welsh Government by the current Senedd on progress towards delivery of Net Zero Wales and CB2.

As a former member of the Committee, you have experienced firsthand the difficulties of effectively scrutinising the Welsh Government on progress towards delivery of Net Zero Wales and CB2 in the absence of detailed information and/or meaningful data. We hope you are willing to agree to suitable arrangements, outside of the statutory reporting requirements, to support our ongoing scrutiny.

13. We would welcome your thoughts on how the Welsh Government could better support ongoing scrutiny of progress towards delivery of CB2 and Net Zero Wales during the remainder of the Sixth Senedd.

I should be grateful for a response to the above as soon as possible, and by **25 July** at the latest.

Yours sincerely,



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

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.