

Future Generations Commissioner for Wales
White Paper: Summary

10 POINT PLAN TO FUND WALES' CLIMATE EMERGENCY

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Comisiynydd
**Cenedlaethau'r
Dyfodol**
Cymru

**Future
Generations**
Commissioner
for Wales



Introduction

Climate change is the greatest threat facing future generations. On 29th April 2019 Welsh Government declared a climate emergency. This follows the Intergovernmental Panel on Climate Change¹ (IPCC) latest report saying we have 12 years to avoid climate breakdown.

A week later the Intergovernmental Panel for Biodiversity and Ecosystem Services² (IPBES) findings highlighted that nature is declining globally at unprecedented rates, the rate of species extinction is accelerating with a million species under threat, with grave impacts on people around the world.

In March Welsh Government published Low Carbon Wales³ and although this contains 100 policies and proposals for decarbonisation it doesn't include any detail on how these will be funded. The UK Committee on Climate change have since suggested that the targets need to be more ambitious with Wales aiming for 95% emission reduction by 2050.

They also conclude that the costs of a net-zero GHG target can be met at an annual resource cost of up to 1-2% of GDP to 2050, the same cost as the previous expectation for an 80% reduction from 1990.⁴ On 11th June Lesley Griffiths, the Minister for Environment, Energy and Rural Affairs announced that the Government were declaring their ambition to bring forward a target for Wales to achieve net zero emissions no later than 2050 and that she will bring forward regulations to the Assembly next year to amend the current 80% target.

Future Welsh Government financial budgets need to clearly align with the carbon budgets from 2020 onwards to ensure that the actions needed to achieve our targets are backed up by investment. They should set a long-term financial strategy to fund the actions required to meet new carbon emission targets in order to allow the rest of the public, private and third sector to plan effectively and to maximise the opportunities for job creation and investment which can maximise benefits to communities. However whilst this will require them to undertake further work and analysis Wales cannot and should not wait and miss another budget round before making the necessary investment as all the experts agree that the longer we leave it the more expensive and difficult the transition will be.



Introduction: (Continued)

The steps the government are taking at the moment do not appear to match the declaration of a climate emergency - last year my assessment of the budget showed that only around 1% of the Welsh Governments Budget was being spent on decarbonisation.

We are lagging considerably behind other countries across the world and indeed the UK in a number of key areas such as investment in public transport, active travel, energy and re-greening our land.

Whilst the Welsh Government should be commended for declaring its commitment and for areas where it is making significant progress such as recycling (although this only accounts for 2.6% of Wales carbon emissions), responding to the climate emergency will require a much greater level of focused attention and investment. There are many things that the Government can do to tackle climate change which do not require a direct financial allocation but some areas will without doubt require significant additional investment. Eight European countries have recently called for 25% of the EU's budget should support action on climate change⁵; should this be the same for Wales?

With input from a range of experts I have identified ten areas for investment where action needs to be prioritised and scaled up to meet the "climate emergency" challenge.

It is difficult to calculate the exact amount of investment needed over this and subsequent Assembly terms (and this should be a priority for treasury officials). The UK Committee on Climate Change estimate that the total cost of following their pathway is around £30 billion over the period to 2050; this cost will not be borne exclusively by the Welsh Government and will be split between UK and Welsh Governments, businesses, public sector and people⁶. Many of the actions need a long-term sustained commitment and investment from Government but it is imperative that the next Assembly budget (2020-21) reflects the increased investment needed to tackle the climate emergency.

This paper presents a starting point for those discussions - for experts, other public bodies, individuals and importantly the Government to set out what sort of investment they think is required.

Immediate work must be undertaken to match the required level of investment this year and more detailed work should be undertaken in parallel to identify a longer-term funding and investment model.



Transport

= **£240 million in next budget (2020-21)**

- 1 Increase investment for active travel – a minimum of 10% of the transport budget (20% of the capital budget) should be allocated for funding walking and cycling infrastructure - £60 million allocation in the next budget.
- 2 Increase funding for public transport – at least 50% of the Welsh Government's transport capital budget should be allocated to improving public transport across Wales - £150 million allocation in the next budget.
- 3 Encourage uptake of low emission vehicles – approximately £295 million required to 2030 (approximately £30 million per annum) which could be met by a mixture of public and private investment.

Housing and Buildings

= **£330 million in next budget (2020-21)**

- 4 All new homes and public buildings built in Wales built should be zero carbon from 2020 – building on learning from the recent £90 million 3-year Innovative Housing Programme, and requires on-going funding of £30 million per annum.
- 5 Support for a national housing retrofit programme – focusing initially on homes living in fuel poverty and those in social ownership could cost up to £1 billion per year, with a suggested £300 million from Welsh Government. IWA estimated an investment of £5 billion is needed over 15 years but would generate an increase in GVA to the Welsh economy of £2.2 billion, and savings of around £350 per household and approximately £67 million in savings to the health service.



Renewable Energy

= **£200 million in next budget (2020-21)**

- 6 Fund the future through an immediate low carbon economic stimulus for Wales to accelerate investment and action on renewable energy (as well as energy efficiency) – IWA estimate that to develop an energy system that enables Wales to become 100% self-sufficient in renewable electricity by 2035 requires around £30 billion of investment over a 15-year period. This £2 billion per annum will be met from a mixture of public and private investment; our best estimate is that 10% or £200 million will need to come from public funding but the Government must set out urgently how the overall level of investment will be met.

Land Use & Nature-based Solutions

= **£221 million in next budget (2020-21)**

- 7 Radically increase tree cover over the next two decades – requiring investment of approximately £16 million per annum over the next 10 years.
- 8 Support adoption of low carbon agricultural practices and re-thinking land-use practice – £300 million per annum is currently provided to support agriculture and rural development. The funding framework post Brexit must support the industry target of being carbon neutral by 2040.
- 9 Promoting nature-based solutions and green infrastructure in all developments; the cost of meeting current environmental land management priorities in Wales is estimated to be £205 million per annum.



Other Levers

- 10 Ensure decarbonisation is a key principle and driver for decision making within planning, public sector procurement contracts and pension fund investments supported by a programme to train a Carbon Literate public sector.

Total investment required =

£991 million

...which is in line with the UK Committee on Climate Change estimated £30 billion between now and 2050.

References

1. <https://www.ipcc.ch/sr15/>
2. This is the first global biodiversity assessment report since 2005
3. <https://gweddill.gov.wales/docs/desh/publications/190321-prosperity-for-all-a-low-carbon-wales-en.pdf>
4. <https://www.theccc.org.uk/publication/net-zero-the-uks-contribution-to-stopping-global-warming/>
5. <https://www.bbc.co.uk/news/world-europe-48198646>
6. <http://www.assembly.wales/laid%20documents/sub-ld11811-em/sub-ld11811-em-e.pdf>