

October 2007, Taking Forward the UK Climate Change Bill: The Government Response to Pre-Legislative Scrutiny and Public Consultation, Executive Summary (Minister's Forward and Executive Summary) <https://www.parliament.uk/documents/upload/cm7225-climatechange.pdf>



Taking Forward the UK Climate Change Bill: The Government Response to Pre-Legislative Scrutiny and Public Consultation

October 2007

18. Above all, the Government must draw attention, at home and abroad, not just to % targets for the annual emissions in a certain year, but even more to the absolutely crucial issue of the cumulative total budget of greenhouse gases that the world can afford to emit by 2050 if it is to have a reasonable chance of holding global warming to 2°C.

19. In terms of the way in which this cumulative global budget is divided up among individual nations, we recommend that the Government explicitly endorses, & promotes internationally, the Contraction and Convergence method, or a method similar to it.

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“We note the points made in recommendations 18 and 19. The UK Government would support an allocation method or combination of methods that could achieve global acceptability, be recognised as fair by all parties and had sufficient flexibility to be able to take into national circumstances, e.g. energy mix and availability of natural resources, climatic conditions.”



Taking Forward the UK Climate Change Bill: The Government Response to Pre-Legislative Scrutiny and Public Consultation

This document sets out the Government response to the public consultation on the draft Climate Change Bill and to the reports of the following Parliamentary Committees:

- The Ad Hoc Joint Committee on the Draft Climate Change Bill
- The Fifth Report of the Environment, Food and Rural Affairs Committee
- The Environmental Audit Committee, as part of its inquiry entitled *Beyond Stern: From the Climate Change Programme Review to the Draft Climate Change Bill*

*Presented to Parliament
By the Secretary of State for Environment, Food and Rural Affairs
By Command of Her Majesty
October 2007*

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Secretary of State's Foreword

Climate change is the greatest challenge facing our generation. It is the ultimate expression of our interdependence and its effects will be felt by all of us, in every corner of this small and fragile planet.

The debate about the science is over. The economic message is just as stark: doing nothing will cost us far more than dealing with the problem now. Collective and decisive action is needed if we are to deal with this threat and create a global low carbon economy. The urgency of the situation was underlined by the largest ever meeting of world leaders on climate change, hosted by the UN Secretary-General in New York in September.

This Climate Change Bill demonstrates the UK's strong leadership on climate change, both at home and abroad. It puts in place a statutory goal of at least a 60% reduction in carbon dioxide emissions by 2050, with real progress by 2020. The targets will be supported by a new system of five-yearly "carbon budgets", set at least fifteen years ahead, with progress reported annually to Parliament. These will help us deliver our share of the European emissions reduction targets for 2020 that were agreed at the March 2007 European Summit. And as the Prime Minister announced in September, we will look to see whether our 60% target, which is already bigger than most other countries, should be even stronger still.

The Bill will create a new expert Committee on Climate Change to advise the Government on the best pathway to 2050, and will put in place new powers to set up schemes to reduce emissions. It also recognises that we are already feeling the impact of climate change, and sets out a sustainable approach to adaptation, with a commitment to produce a UK Government programme to deal with the risks posed by that impact.

The Bill was published in draft in March for public consultation and parliamentary scrutiny. Responses to the draft Bill have been very positive, reflecting the wide and increasing support for action on climate change. And the breadth of the public response – from youth groups through to major businesses – shows how important this issue is to so many people. I am also very grateful to the members of each of the parliamentary committees who scrutinised the draft Bill, and for the efforts of all those who provided evidence to support their inquiries.

This paper sets out our response to the parliamentary committees and the views expressed during the public consultation on the draft Bill. The committees' reports, together with these views, have helped significantly to strengthen the Bill and the transparency it will bring to our efforts to reduce emissions. A revised Bill, incorporating these changes, will be published shortly.

Other countries have been following the progress of the draft Bill with interest, and I hope it will encourage all of us as we tackle the greatest challenge we face as a world.



Hilary Benn
Secretary of State for Environment, Food and Rural Affairs
October 2007

Executive Summary

Overview

The UK Government is committed to tackling climate change, and has therefore proposed a Climate Change Bill. The Bill will introduce a clear, credible, long-term framework for the UK to achieve its goals of reducing emissions and taking steps to adapt to the impact of climate change.

A draft Bill was published for public consultation and parliamentary scrutiny in March.¹ This document responds to the views expressed by the parliamentary committees and during the public consultation, and sets out the main changes we intend to make before introducing the Bill to Parliament.

Context

The scientific case for action to tackle climate change is ever more compelling. As the UN's Intergovernmental Panel on Climate Change (IPCC) reported earlier this year, warming of the climate system is now "unequivocal". Eleven of the twelve warmest years since 1850, when records began, occurred between 1995 and 2006.²

The economic case for action is equally clear. As shown by the Stern Review of the economics of climate change, published in October 2006, and more recently by UN work on financing and investment flows, the costs of doing nothing are significantly greater than the expected costs of co-ordinated global action.³ Without efforts to tackle climate change, Stern predicts that it could cost the global economy between 5% and 20% of gross domestic product (GDP) now and forever, compared to much lower estimated costs of global action of around 1% of GDP by 2050, within a range of +/- 3%. And there will also be economic opportunities arising from the transition to a low carbon economy.

Early and decisive collective action is therefore needed if we are to tackle climate change. The European Union has already committed itself to reducing greenhouse gas emissions by 20% from 1990 levels by 2020, regardless of what happens in international negotiations. And the EU is prepared to go to a 30% reduction by 2020 as our contribution to a global and comprehensive agreement for the period beyond 2012, if others make their contribution. Domestically, the UK has made considerable progress in reducing emissions and is committed to moving to a low-carbon economy over time.

The Climate Change Bill will provide a clear, credible framework to support emissions reductions in the UK, in a way which maximises the social and economic benefits and minimises costs. The Bill also sets an international precedent, reinforcing the UK's

¹ CM7040, available from: www.official-documents.gov.uk/document/cm70/7040/7040.asp

² For further detail on the IPCC and copies of their reports, please see: www.ipcc.ch. Methodical thermometer-based records began in 1850.

³ The Stern Review, supporting papers and additional research are available from: www.hm-treasury.gov.uk/independent_reviews/stern_review_economics_climate_change/sternreview_index.cfm. Details on the UNFCCC work on finance and investment flows is at http://unfccc.int/cooperation_and_support/financial_mechanism/items/4053.php

position as a consistent leader in the field of climate change and energy policy. And by putting longer-term targets in legislation, it provides greater clarity for UK industry to plan effectively and invest in the technology needed in order to move towards a low carbon economy. The Bill will also take steps to help the UK to adapt to the impact of climate change.

Key elements of the Bill

In summary, the Bill:

- puts into statute the UK's domestic targets to reduce carbon dioxide emissions through domestic and international action by at least 60% by 2050 and 26-32% by 2020, against a 1990 baseline;
- requires us to set, in secondary legislation, binding limits known as carbon budgets on aggregate carbon dioxide emissions over five-year periods – with three budgets set ahead to help businesses plan and invest with increased confidence;
- creates a new independent body – the Committee on Climate Change – to advise on the setting of carbon budgets and the pathway to the 2050 target and to report annually on progress;
- contains enabling powers to introduce new trading schemes through secondary legislation, increasing the policy options which Government could use to stay within budgets and meet emissions targets;
- increases the transparency and accountability of UK action on climate change by introducing a new system of annual Government reporting to Parliament in response to the annual report by the Committee on Climate Change on the UK's progress; and
- requires the Government to assess the risks that climate change poses to the UK, and to report to Parliament on these risks and on its programme to address them.

Consultation and pre-legislative scrutiny

Nearly 17,000 individuals and organisations responded to the public consultation on the draft Bill, which closed on 12 June. An overwhelming majority of respondents were supportive of the Bill's aim to set and enable the achievement of ambitious emissions reduction targets. Three separate parliamentary committees (an ad hoc Joint Committee of MPs and Peers, the Environment, Food and Rural Affairs Select Committee, and the Environmental Audit Committee) also took evidence and made recommendations on the draft Bill.

This document explains the main changes the Government intends to make to the Bill before introducing it to Parliament, taking into account responses to the public consultation and the recommendations of the parliamentary committees. It also sets out a full response to each of the parliamentary committees' recommendations, and to individual comments made to the Joint Committee inquiry.

The Government intends to build on the proposals in the draft Bill by making the principal changes set out below. Following agreement with the Devolved Administrations, the revised Bill provides a UK-wide framework for tackling climate change.

Increasing the strength of the UK's carbon management framework

As announced by the Prime Minister in September, we will ask the Committee on Climate Change to report on whether the 60% reduction in emissions by 2050 should be even stronger still. This report will also look at the implications of including other greenhouse gases in our targets, and we will take powers to allow us to do this at a future stage if necessary. In addition, the report will also examine the implications of including international aviation and shipping emissions in our targets. The Government believes that these emissions should ideally be addressed at an international level. We are also pressing for the inclusion of aviation in the EU Emissions Trading Scheme (EU ETS) as soon as possible, as the most effective means of controlling aviation emissions. This will ensure that total emissions from aviation and other EU ETS sectors are kept below a fixed limit, with trading allowing this environmental goal to be met at least cost. When the EU ETS rules have been finalised, we will also ask the Committee on Climate Change for its advice on whether there is a methodology for including international aviation emissions in our targets which is workable and compatible with the EU ETS and takes account of progress in the United Nations Framework Convention on Climate Change (UNFCCC) and the wider international context, and on the impacts of adopting it.

Increasing the transparency and accountability of the UK's carbon management framework

The draft Bill proposed a strong system of annual accountability, under which every year the Committee on Climate Change would provide an independent report to Parliament on progress towards meeting targets and budgets, and every year the Government would respond to this report. We intend to further strengthen the transparency and accountability of the Bill's framework, by:

- requiring the Committee on Climate Change to publish its analysis and advice to Government on setting the budgets, as well as the minutes of its meetings;
- requiring the Government to explain its reasons to Parliament if it does not accept the Committee's advice on the level of the carbon budget, or if it does not meet a budget or target;
- rationalising and increasing the coherence of the current reporting requirements on carbon dioxide and other greenhouse gas emissions; and
- reporting annually to Parliament on emissions from international aviation and shipping in line with UNFCCC practice.

We believe this approach – five-year carbon budgets, which ensure that every year's emissions count, backed by strong annual accountability and independent scrutiny – provides the best balance between predictability and flexibility in ensuring that emissions are reduced as we make progress towards our 2050 target.

Strengthening the role and independence of the new Committee on Climate Change

The independent, expert Committee on Climate Change will play a vital role in advising Government on how to reduce emissions over time and across the economy, and in reporting annually to Parliament on progress. We intend to strengthen the Committee's role by requiring Government to seek the Committee's advice before amending the 2050 or 2020 targets in the Bill, before introducing the first set of regulations on the use of carbon credits, and before establishing any trading schemes under the Bill. This should further ensure that decisions are robust and based on a high level of transparent scrutiny. In addition, we intend to strengthen the Committee's independence of Government by confirming that it will appoint its own chief executive and staff, and plan to increase the resources which will be available to it in the light of the parliamentary committees' recommendations.

Ensuring greater impact on the UK's emissions

The Climate Change Bill will provide an overall framework for tackling climate change. In tandem with the proposals in the Energy White Paper, and the forthcoming Energy and Planning Bills, it will be part of a package of action to progress the UK's transition to a low carbon economy. We will also use the Climate Change Bill to: implement the Carbon Reduction Commitment – a mandatory cap-and-trade scheme covering energy use emissions from large, non-energy-intensive organisations; improve the operation of the Renewable Transport Fuel Obligation (RTFO); and provide a power to pilot local authority incentives for household waste minimisation and recycling. We will announce proposals in due course. Together, these policies could save the equivalent of up to 9.4-13.9 million tonnes of carbon dioxide equivalent per year by 2020. And the Bill will contain further powers allowing us to introduce new trading schemes through secondary legislation, following full public consultation and parliamentary scrutiny.

Adapting to the consequences of climate change

Tackling climate change requires a two-pronged effort: action to reduce greenhouse gas emissions in order to avoid future dangerous levels of climate change, and action to deal with the impact that we are already experiencing and will continue to experience over coming decades. The UK's economic, environmental and social direction over the coming years will be significantly affected by our ability to adapt to these changes. The Bill will therefore require the Government, on a regular basis, to assess the risks to the UK from the impact of climate change and report to Parliament. In addition, the Bill will also require the Government to publish and regularly update a programme covering England and reserved matters setting out how we will address this likely impact. This adaptation programme will be based on the principles of sustainable development, which will help ensure that environmental, economic and social issues are all fully considered.

The Government believes that the Bill has been substantially improved by the process of pre-legislative scrutiny, and is most grateful to the parliamentary committees for their work and to all those who responded to the public consultation. We plan to introduce the revised Bill in the forthcoming parliamentary session.

Introduction

Context

- i. The draft Climate Change Bill was launched by the Prime Minister on 13 March 2007, and was widely welcomed for providing a clear, flexible framework to support reductions in carbon dioxide emissions in the UK. The draft Bill also set an international precedent, reinforcing the UK's position as a consistent leader in the field of climate change and energy policy.
- ii. This document takes the Climate Change Bill one step further. It explains the main changes the Government intends to make to the Bill before introducing it to Parliament, taking into account responses to the public consultation and the recommendations of three separate parliamentary committees.

Key elements of the Bill

- iii. The Bill provides a framework for tackling climate change through the following main elements:

Setting targets in statute and carbon budgeting

- iv. It is intended that the Bill will establish an economically credible emissions reduction pathway to 2050 and beyond, by putting into statute medium and long-term targets. These targets already exist on a non-statutory basis. In addition, a system of carbon budgeting is proposed. This means that for successive five-year periods, starting with the period 2008-12, there will be a limit on total carbon dioxide emissions. The Bill proposes that carbon budgets be set at least three periods (i.e. for fifteen years) ahead. This approach provides for both certainty and flexibility in the system: emissions can vary between years provided the total over a five-year period does not exceed the budget. The series of five-year carbon budgets will provide a trajectory from now to 2050, thereby providing a clear framework of expected emissions reductions over time.

Establishing a Committee on Climate Change

- v. The Bill proposes to create a new institutional framework within which to manage the UK's transition to a lower carbon economy, through establishing a new independent body, the Committee on Climate Change ("the Committee"), to advise the Government and Devolved Administrations on how to reduce emissions over time and across the economy. This expert body will advise on the trajectory to 2050 by giving advice on the level of carbon budgets, on how much effort should be made in the UK and overseas, and on how much effort should be made by the part of the economy covered by cap and trade schemes and by the rest of the economy.

Creating enabling powers

- vi. This part of the Bill proposes new powers to enable Government to introduce new domestic emissions trading schemes through secondary legislation. This increases the policy options which Government could use to reduce emissions and meet the medium and long-term targets in the Bill.

Reporting requirements

- vii. The reporting element of the Bill will enhance the overall transparency and accountability of UK action on climate change. It is proposed that the Committee on Climate Change will have a specific role in reporting annually to Parliament on progress towards budgets and targets, with the Government required to lay before Parliament an annual response to this independent report.

Adaptation

- viii. The Bill will also set out a procedure for assessing the risks of the impact of climate change for the UK, and a requirement on the UK Government to develop an adaptation programme on matters for which it is responsible. This adaptation programme will be based on the principles of sustainable development.

Responses to the draft Bill

- ix. Nearly 17,000 individuals and organisations responded to the public consultation, which closed on 12 June. A wide spectrum of the public, including scientific bodies, environmental groups, businesses, religious organisations and many others gave their support to the draft Bill. The overwhelming majority of respondents were supportive of the Bill's aim to set and enable the achievement of ambitious emissions reduction targets.

- x. Commenting on the publication of the draft Bill, the Confederation of British Industry (CBI) said,

British businesses are already cutting emissions but they can do more, and this bill is a big step forward in combining the two things we really need: long-term clarity on policy direction and flexibility in its delivery. Setting legally binding targets for 2020 and 2050 shows the UK is serious in leading the global response to climate change. Five year carbon budgets support this by giving us scope to review how quickly we can move to those targets in the light of economic, scientific and international developments.

- xi. Environmental groups were also supportive – for instance, Friends of the Earth said,

We are delighted that the Government has recognised the need for a new law to tackle climate change. The UK will be the first country in the world to introduce a legal framework for reducing carbon emissions.

- xii. We are very grateful to all the organisations, sectors and individuals who took time to submit responses to the consultation. A summary of responses is available at: www.defra.gov.uk/corporate/consult/climatechange-bill/index.htm

- xiii. Parliament has taken a strong interest in the Bill, and three separate parliamentary committees scrutinised the draft Bill: a Joint Committee of Peers and MPs, the Environment, Food and Rural Affairs Committee, and the Environmental Audit Committee (as part of its enquiry entitled *Beyond Stern*:

From the Climate Change Programme Review to the Draft Climate Change Bill).⁴ In its report on the draft Bill, the Joint Committee said,

*We warmly welcome the introduction of a Climate Change Bill. It is heartening to see the UK continue to take a lead in tackling global issues relating to climate change by providing the world's first comprehensive legislation in this area.*⁵

- xiv. The reports of the scrutiny committees, in tandem with the consultation responses, have been enormously useful in enhancing the carbon management framework set out in the Bill. Section A of this document explains the main changes we propose to make to the Bill as a result of this scrutiny process and the public consultation. Detailed responses to the recommendations of each parliamentary committee are provided in section B, and responses to evidence submitted to the Joint Committee in section C.
- xv. In many cases the recommendations of the parliamentary committees highlight policy issues which do not fit within the scope of the Bill, but which are still important to look at in more general terms. We will take these considerations into account when developing overall Government policies to tackle climate change, including those needed to meet the targets and budgets in the Bill.
- xvi. Since the draft Bill was published, the Government has been working closely with the Devolved Administrations to ensure that the Bill is consistent with each Devolved Administration's respective devolution settlement. A separate concordat is being developed by the UK Government and Devolved Administrations setting out the detailed handling of specific issues. An overview of the changes we propose to make to the Bill to take account of devolution is set out in section A of this publication.

⁴ These reports are available on the Parliament website as follows:

- Joint Committee [HL 170-I/HC 542-I; HL 170-II/HC 542-II]: www.publications.parliament.uk/pa/jt/jtclimate.htm#reports
- EFRA Committee [HC534-I /HC534-II]: www.publications.parliament.uk/pa/cm/cmenvfru.htm#reports
- EAC [HC-460]: www.publications.parliament.uk/pa/cm/cmenvaud.htm#reports

⁵ HL Paper 170-I / HC 542-I, August 2007; available from: www.publications.parliament.uk/pa/jt200607/jtselect/jtclimate/170/170i.pdf