



CONSULTATION ON PROPOSALS FOR A SCOTTISH CLIMATE CHANGE BILL

RESPONSE BY THE ASSOCIATION OF BRITISH INSURERS

Summary

The Association of British Insurers welcomes the proposed Climate Change Bill and awaits clear proposals on the Adaptation Strategy, upon which we understand a consultation is to be issued shortly. We feel that it is important that the Climate Change Bill provides a comprehensive legislative framework for the Adaptation Strategy and the Flooding Bill, both of which are important parts of the response to Climate Change.

Our response below summarises our views under the headings of Adaptation, Reporting Provisions, Enabling Powers and Mitigation Targets.

Introduction

1. The Association of British Insurers (ABI) represents nearly 400 member companies, which between them provide 94% of the UK's domestic insurance. It works on behalf of the UK insurance industry to keep standards high and to make its voice heard.
2. Climate Change is a challenge that requires joint up work at all levels of Government. The ABI has been leading the debate on the need to adapt to, as well as mitigate the causes of climate change. Especially our work around flood risk management has provided us with some insight in how disconnected the various authorities are and what needs to happen to tackle this challenge.
3. An integrated climate change strategy needs to be implemented coherently across national, devolved, regional and local boundaries and it needs to maximise the synergies between emissions reduction (dealing with the causes of climate change) and climate risk management measures (tackling the consequences of climate change).
4. Climate risk, in particular the frequency and severity of extreme weather events, will continue to increase over the next 30-40 years, irrespective of action to reduce emissions. This inevitable climate change results from historic emissions and could only be reversed by taking carbon back out of the atmosphere and oceans. However, the current generation has justifiable expectations that the effects they are already experiencing and will increasingly experience from inevitable climate change should be reduced even while they are bearing the costs of avoiding further climate change that will affect future generations.

5. The ABI welcomes the leadership role taken by the Scottish Government in proposing an ambitious emission target. We notice that the Scottish legislation, particularly in respect of flood risk management, is well developed and ahead of most of the existing schemes in the rest of the UK. The proposed Flooding Bill and the Scottish Adaptation Strategy should be linked to the Climate Change Bill, as this offers the opportunity to update and replace existing legislation with a new Climate Change Legislation that would incorporate all aspects of mitigation and adaptation in Scotland.
6. We are looking forward to the separate consultation on the Scottish Adaptation Strategy, proposed for Spring 2008 and we will also respond to the consultation on the Scottish Flooding Bill. Both issues need to be captured by the Climate Change Bill, so that a comprehensive legislative framework exists.

Importance of Adaptation – Provisions to help Scotland adapt to the impacts of climate change (Q 30 of the consultation)

7. We welcome the recognition within the Scottish Climate Change Bill of the need to assess the risks of climate change and to monitor progress in ensuring that Scotland is better able to adapt to these risks. We also understand that a Scottish Adaptation Strategy will be put out for consultation shortly. The Scottish Climate Change Bill should set the legislative framework for the adaptation strategy. The key adaptation measures that should be adopted now and over the medium term include:
 - Risk avoidance – moving people and assets out of areas likely to suffer heavy climate impacts through strategic, risk-based land use policies including those on housing, regeneration and critical infrastructure;
 - Risk reduction – addressing vulnerabilities to weather damage and heat effects by strengthening building codes, flood and coastal defences, infrastructure performance, technological resilience and healthcare regimes;
 - Risk management – taking pro-active measures to ensure the most vulnerable people and social and economic functions are given additional protection, and providing more assured responses to events by improving contingency planning by government, business and communities for floods, heat-waves and storms.
8. Understanding climate risks and the consequent investment in adaptation should not be a separate activity but should be integral to the consideration and delivery of emissions reductions. The cost of impacts and adaptation measures will soar in the second half of the century if inadequate action is taken to reduce emissions now. The two strands are complementary and additive - only rarely substitutable. At the same time, some measures to reduce emissions could actually increase the effect of climate impacts in the immediate future and reduce the scope for adaptation. For example, the more compact

towns and high density developments needed to reduce transport and housing emissions lead to higher risk of flash flooding and heat island effects. Cavity wall insulation to improve energy efficiency results in much more costly and lengthy flood repairs. Solutions, which will often entail the same policy and regulatory instruments, need to find synergies between mitigation and adaptation measures, avoiding conflicts.

9. The Scottish Climate Change Bill should include targets not just for mitigating our impact on the climate, but also for adapting to the changing climate: it should set a series of targets to reduce flood risk across Scotland, for example by setting a maximum number of households and businesses at high risk of flooding from all sources, and the Scottish Government should be required to report on progress in achieving this target annually. The Scottish Government should also produce a 25-year national strategic plan outlining the policy reforms and investment needed in the fight against flooding to achieve the proposed targets in the Climate Change Bill and allocate expenditure across the key forms of flood defences, such as coastal flooding, inland flooding and drainage, over that time period.
10. The Scottish Government should then publish on an annual basis detailed interim plans and report on progress along the 25-year strategic plan, outlining the planned investment in flood defences and drainage systems over the following three-year period and the analysis underpinning these investment and prioritisation decisions, as well as initiatives taken in response to other climate risks, such as storm and heatwaves.

Reporting (Q 13, 14, 15)

11. The annual report should be on the previous year. It should include a check on emissions towards five year targets, but there is also need for a re-appraisal of adaptation progress to inform each spending review. The report should consider external shocks and issue warnings if there appears to be insufficient banking or very heavy borrowing.
12. Periodic reviews of impacts and adaptation should occur on a cycle compatible with the Government's spending reviews, providing an evidence base for decisions on departmental programmes and spending needs, rather than a fixed five-year cycle.
13. We support the establishment of an independent, credible, expert body to assess the level of future targets and progress on their delivery, but this should not lead to more ineffective bureaucracy. The remit of this new Scottish Committee should be extended to cover climate impacts and adaptation issues and its composition should reflect this. Its status should be similar to certain expert committees advising Government on health issues, commissioning research as needed to support its analytical work, publishing reports independent of ministers and adopting a transparent approach in its deliberations. The Committee should hold regular discussions with the UK Committee to ensure that

resources are used efficiently and that there is the maximum amount of knowledge exchange on these issues.

14. The Scottish Committee on Climate Change should be tasked with monitoring the progress of the Scottish Government on reducing emissions.

Enabling Powers (Q. 23, 27)

15. The Bill should contain enabling powers to introduce a duty on certain parts of the public sector (i.e. local authorities and large public bodies) to take specified actions on climate change. We propose that the statutory duty placed on local authorities to reduce flood risk is extended to also include a wider duty to adapt. SEPA should be made the competent authority with responsibility for ensuring that flood risk from all sources is assessed and mapped, that plans are prepared to achieve agreed targets and that delivery to plan by all relevant bodies is monitored and reported. In particular, it is important that this national body works with all other stakeholders, especially at the local level to ensure that the Scottish framework reflects local needs and can be delivered locally, right through to involving the public and resident associations in being the front-line in the fight against flooding.
16. The Bill should also contain enabling powers to create a requirement for local authorities and large public bodies to make regular reports on their adaptation and mitigation measures.
17. These reports should be published annually, setting out progress towards the long-term targets and achievements of the milestones.

Mitigation Targets (Questions 1, 2, 6, and 7)

18. The ABI welcomes the national mitigation target set out in the Scottish Climate Change Bill. It is important to make early progress towards realistic but ambitious targets for emissions reductions. These targets should reflect the contributions to climate change made by all greenhouse gases (GHGs), not solely CO₂.
19. There needs to be flexibility around new scientific findings, but this should not reduce the degree of planning and investment certainty that long-term targets bring.
20. As emphasised in the Stern Review, wider and deeper carbon markets will deliver the greatest benefits at least cost. It is, therefore, essential to encourage the trading of carbon credits internationally and cross-sectorally. It should be noted, however, that this could result in the net export of credits and not just open up the possibility of imports of credits.
21. Long-term targets are particularly valuable in offering certainty to investors and encouraging technological innovation. The opportunities to revise targets should, therefore, be limited, available only in clearly defined circumstances, well signalled, and exercised sparingly. Clearly some flexibility is essential, but the proposed approaches re-introduce

too many uncertainties. A simple, transparent approach should provide the necessary safety valve without undermining the statutory targets. No change in the target except through primary legislation should be allowed.

Association of British Insurers
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