

# Adapting to Climate Change: Ensuring Progress in Key Sectors

## 2013 Strategy for exercising the Adaptation Reporting Power and list of priority reporting authorities

July 2013

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## 2013 Strategy for exercising the Adaptation Reporting Power and list of priority reporting authorities

Presented to Parliament pursuant to Section 65 of the Climate Change Act 2008

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# Introduction

## Background

- 1.1 The climate is changing and the impacts from it are likely to affect almost everyone in some way during our lifetimes. There have always been natural fluctuations in climate but observational records show that current rates of change are far greater than those experienced in recent history. Some extreme events may occur increasingly often in the future. These extreme weather events are likely to disrupt the economy and without adequate preparation, could cost lives and money. Building the country's resilience to climate change is a challenge that cuts across society.
- 1.2 Changing behaviour to respond to the impacts of climate change is known as adaptation. Adaptation needs to be built into planning and risk management to ensure the continued success of businesses, government policies, social and environmental operations and the sustainability of infrastructure and the built environment. All organisations can benefit from considering the risks to their operations and assets from climate change and considering the actions necessary to adapt to climate change.
- 1.3 In January 2012, the government laid before Parliament the Climate Change Risk Assessment (CCRA) report, as required by Section 56 of the Climate Change Act 2008. This report compared over 100 risks (prioritised from an initial list of over 700) based on the magnitude of the impact and confidence in the evidence base.
- 1.4 In response to the CCRA the government is laying a report on the first National Adaptation Programme before Parliament at the same time as this report. The National Adaptation Programme report sets out government's objectives, policies and proposals for addressing the key risks identified in the CCRA.
- 1.5 The government's vision for a climate ready country, as set out in the National Adaptation Programme report, is: "A society which makes timely, far-sighted and well-informed decisions to address the threats and opportunities posed by a changing climate."
- 1.6 The National Adaptation Programme captures and builds on ongoing work across government which is addressing the impacts of climate change. Equally government is encouraging action by businesses, local councils and civil society. Government has worked collaboratively with a wide range of organisations to co-create the Programme, which is structured around five themes:
  - agriculture and forestry
  - buildings and infrastructure
  - business
  - healthy and resilient communities
  - natural environment

- 1.7 In addition to setting out requirements for the Climate Change Risk Assessment and the National Adaptation Programme, the Climate Change Act 2008 gives the Secretary of State the power to direct reporting authorities (organisations with functions of a public nature and statutory undertakers) to produce reports detailing:
- the current and future predicted impacts of climate change on their organisation
  - proposals and policies for adapting to climate change
  - an assessment of progress towards implementing the policies and proposals set out in previous reports
- 1.8 This is known as the Adaptation Reporting Power (ARP).
- 1.9 The Climate Change Act 2008 requires the Secretary of State to lay before Parliament a report on how he intends to exercise the power, no later than when the National Adaptation Programme report is laid before Parliament. Section 65 of the Act places requirements on the Secretary of State to set out in the report:
- i. the circumstances in which directions are likely to be given (the strategy for using the power)
  - ii. the authorities or kinds of authority to whom the Secretary of State considers directions should be given as a matter of priority
- 1.10 The government must consult persons likely to be affected by the Adaptation Reporting Power. Defra undertook this consultation between 19 December 2012 and 13 February 2013. This strategy has been developed after discussions with stakeholders and consideration of the consultation responses. A government report on the consultation is available at <https://www.gov.uk/government/consultations/governments-proposed-approach-to-the-second-round-of-the-adaptation-reporting-power>
- 1.11 **This document constitutes the report to Parliament under Section 65 of the Climate Change Act 2008.**

# The Adaptation Reporting Power

2.1 The Adaptation Reporting Power (ARP) aims to:

- ensure climate change risk management is systematically undertaken by reporting authorities
- help ensure public service and infrastructure are resilient to climate change
- monitor the level of preparedness of key sectors to climate change

2.2 The ARP helps ensure that ‘persons or bodies with a function of a public nature’ and ‘statutory undertakers’ (reporting authorities) are taking appropriate action to adapt to the future impacts of climate change. It helps do this both directly, through engaging organisations in reporting, and indirectly, through raising awareness, building capacity in organisations, and making examples of good practice publicly available.

2.3 Reporting has many benefits. It enables organisations to identify and examine their risks: risks to their assets, buildings, staff, services and operations, their supply lines, stakeholders and regulatory functions. Reporting on adaptation risk management can help promote organisational reputation through providing evidence of how organisations are preparing for climate change and extreme weather impacts. It helps them make more cost effective and timely decisions about how and when to adapt, contributing to the organisation’s sustainability and potential for growth.

2.4 There is considerable public benefit in ensuring that key organisations prepare effectively for climate change and report publicly on their work. This allows government and stakeholders to identify barriers to adaptation and to assess the degree to which the country’s public services are preparing for climate change. The public nature of the reports helps organisations to continue engagement with their stakeholders on the issues.

2.5 The adaptation reports should contain:

- a summary of the statutory and other functions of the organisation
- an assessment of the current and future risks to that organisation, and its functions, presented by climate change
- a programme of measures to address the risks, including policies and practices that are already being implemented

2.6 The adaptation reports should have regard to the analysis in the first Climate Change Risk Assessment and the objectives, policies and proposals developed through the National Adaptation Programme.

2.7 The government will use the information from the reports to feed into the National Adaptation Programme and into the next national assessment of risks from climate change. An assessment of the reports will allow a greater understanding of the risks, any gaps in information, and identify priority areas for work in the future. As part of this information cycle, the risk assessment will also feed into decisions on the identification of future reporting authorities. The next national risk assessment of risks from climate change is due to be published no later than 2017.

## What was done in the first round of reporting?

- 2.8 In 2009, the then Secretary of State laid before Parliament a report on the strategy for exercising this power for the first time. The strategy focused on major infrastructure providers from the energy, transport and water sectors. The first round was completed in March 2012, and the reports have been published.<sup>1</sup> A government report on this first round of the Adaptation Reporting Power summarises the broader sector-wide results and can also be found on Defra's webpages.
- 2.9 Discussions with reporting authorities and responses to the consultation show that the ARP made a significant contribution to raising understanding of adaptation and increasing action, particularly in sectors where there had been limited consideration previously. It raised adaptation to the board level and in many cases embedded climate change risks within organisations' corporate risk management procedures.
- 2.10 The ARP also demonstrated that organisations are already adapting to climate change and mitigating their specific climate change risks. Some sectors are particularly advanced in considering climate change and are already running adaptation research programmes and taking adaptation actions.

## The second round of reporting

- 2.11 In the second round the government is using a voluntary approach to reporting. The Secretary of State will invite key organisations to report an assessment of their current and predicted climate change threats and opportunities as well as a programme of adaptation measures. The Secretary of State is not intending to exercise the power to give directions to reporting authorities.
- 2.12 Government will continue to work alongside reporting authorities to help them understand and manage their climate change risks. It will work to increase the awareness of adaptation to encourage organisations to report. Government has already engaged with potential reporting authorities and the overwhelming response has been in favour of a voluntary, collaborative approach.
- 2.13 A voluntary approach ensures that the reporting process is flexible and responsive to the needs of reporting authorities and reduces the likelihood of a 'tick-box' approach to reporting. The aim is that the most appropriate organisations will identify and own the actions that need to be taken in response to the threats and opportunities identified and that the level of work will be proportionate to the organisation.
- 2.14 Government will be providing advice on developing resilience, as well as ensuring that information on climate preparedness and resilience feeds into the Climate Change Risk Assessment process.

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<sup>1</sup> <https://www.gov.uk/government/publications/adaptation-reporting-power-received-reports>



## How will government use the reports?

- 2.15 Government is planning to use the reports in two ways. First to validate the excellent work that was done by reporting authorities during the first adaptation reporting round and ensure that progress is being made. Secondly they will give government a greater understanding of adaptation action being taken across sectors. This will feed into the National Adaptation Programme and into the development of the next national climate change risk assessment. The reports will also help government design supportive policies for adaptation and ensure that the existing regulatory environment encourages adaptation appropriately.
- 2.16 Policy judgements on the basis of the reports remain the responsibility of individual government departments. They will take responsibility for analysing the reports and considering any actions that might arise from the reports in the sectors for which they have policy responsibility.
- 2.17 Following completion of the second round the government will undertake a review of the impacts and benefits of the Adaptation Reporting Power. The review will attempt to assess the effectiveness of the ARP in influencing organisations to identify and respond to risks from climate change. It will consider the difference between the mandatory approach used in the first round and the voluntary approach used in the second round. The review may need to commission further research into the relationship between adaptation reporting and increased resilience in specific sectors or organisations. Further discussion of evidence requirements is set out in an Impact Assessment for this report.<sup>2</sup>

## Future use of the Adaptation Reporting Power

- 2.18 Future strategies for exercising the power are linked to the development of the National Adaptation Programme and will therefore be reviewed and updated on a five yearly cycle.

## Next steps

- 2.19 Government intends to issue invitations to report in winter 2013-2014. Reports should be produced by organisations between 2013 and 2016 in accordance with timescales to be agreed with the reporting authority. In their response to the consultation exercise a number of organisations have already identified the best time for them to produce an adaptation report. The process will be as outlined in Box 1.

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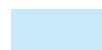
<sup>2</sup> [www.gov.uk/defra](http://www.gov.uk/defra)

## Box 1: Adaptation Reporting Power Timeline

1. Formal consultation on strategy	December 2012 – February 2013
2. Strategy laid before Parliament	July 2013
3. Secretary of State issues invitations to report	2013 – 2014
4. Organisations prepare reports  Government is discussing when reporting would best fit in with organisations' decision making cycles	2013 – 2015
5. Draft reports sent to Secretary of State	Timescales will vary
6. Concerns surrounding commercial confidentiality submitted to the Secretary of State, with alternative reports for publication which take into account commercial and confidentiality proposals.	Timescales will vary
7. Secretary of State notifies reporting authorities of commercial confidentiality decisions based on objections received under Section 63 (7) of the Climate Change Act.	Within three months of receipt
8. Reporting authority takes on board any comments from government and sends final report to Secretary of State	Within three months
9. Final reports published by the Secretary of State	Timescales will vary
10. Reports' findings feed into next climate change risk assessment and National Adaptation Programme	2015 – 2017



Activity led by government



Activity led by reporting authority

# The approach to the second round

## Criteria for identifying reporting authorities

- 3.1 The government is committed to using the reporting power in a risk based, targeted and efficient way. Not all potentially eligible bodies (of which there are many thousands) will be invited to report in this round of reporting.
- 3.2 The government has defined criteria to designate reporting authorities which the Secretary of State will invite to produce reports. The criteria focus on the key organisations that need to adapt to climate change, whilst avoiding duplication of existing arrangements. These criteria are modified from those used to define the first round of reporting authorities. The criteria for the first round of reporting focused on national infrastructure and did not have the benefit of the evidence set out in the Climate Change Risk Assessment to prioritise climate risks.
- 3.3 The approach uses the following methodology:
- identifying those authorities which are eligible as reporting authorities
  - identifying those authorities that are vulnerable to the projected impacts of climate change as set out in the UK Climate Change Risk Assessment published in January 2012
  - no duplication – identifying authorities which are not already subject to other adaptation reporting requirements, or are not already covered by an existing voluntary agreement
  - targeting reporting authorities proportionately

## Eligible reporting authorities

- 3.4 In order to be eligible, organisations need to fulfil one of the following sub-criteria.<sup>3</sup>
- 3.5 **Statutory Undertakers as listed in the Town and Country Planning Act.** They are persons with statutory authorisation to carry on any of the following: railway, light railway, tramway, road transport, water transport, canal, inland navigation, dock, harbour, pier or lighthouse undertaking or any undertaking for the supply of hydraulic power or a relevant airport operator. In addition gas transporters, anyone holding an electricity generation, transmission or distribution licence or an air traffic services licence, water or sewerage undertakers, the Environment Agency, universal postal service providers and the Civil Aviation Authority.
- 3.6 **Organisations with functions of a public nature.** The government has applied the following six characteristics as guidance:
- the extent to which in carrying out the function in question the body is publicly funded
  - the extent to which the organisation's activities are underpinned by statute. For example, are an organisation's functions recognised by or provided for in legislation? If not, does the organisation nevertheless operate under the authority of the government or of another part of the public sector?

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<sup>3</sup> Note that Parliament, the Devolved Authorities and Legislatures, Ministers, Government Departments and Executive Agencies are all excluded.

- whether the organisation exercises extensive or monopolistic powers, for example, by regulating entry to a trade or profession
- whether the organisation's source of power is derived from more than voluntary submission to its jurisdiction. For example, where a party has no choice but to submit to its jurisdiction if they wish to take part in a particular activity
- whether the organisation seeks to achieve some collective benefit for the public, and is accepted by the public as having the authority to do so
- In the case of a regulatory organisation, whether but for the existence of that organisation, the government would inevitably have intervened to regulate the activity in question

## Vulnerability to climate change

- 3.7 Evidence from the Climate Change Risk Assessment has informed understanding of how sectors are vulnerable to climate change impacts. The CCRA sets out the main priorities for adaptation in the UK under five key themes – agriculture and forestry; business, industries and services; health and wellbeing; natural environment; and buildings and infrastructure. The assessment will be updated by 2017, and every five years subsequently, as understanding of the evidence base improves.
- 3.8 Key findings from the CCRA include that the UK is already experiencing increased vulnerability to extreme weather events. Flood risk in particular would be likely to increase significantly across the UK in the absence of adaptation actions.
- 3.9 The 2012 CCRA did not look at risk levels for specific organisations as this would have been far too detailed to be manageable in a single project. The full findings have been published.<sup>4</sup>
- 3.10 Further research is being undertaken to build on the CCRA. Details can be found in the Defra Evidence Plans, published on the Defra website in March 2013. These can be found here <https://www.gov.uk/government/publications/evidence-plans>
- 3.11 The CCRA has already been used to inform more detailed analyses, including an economic assessment of the costs and benefits of adaptation options. In addition the Committee on Climate Change has provided independent advice on what the total available evidence tells us, which is available on its website <http://www.theccc.org.uk/publications/>

4 <http://randd.defra.gov.uk/Default.aspx?Menu=Menu&Module=More&Location=None&Completed=0&ProjectID=15747#RelatedDocuments>

## Preventing duplication of existing adaptation reporting arrangements

- 3.12 It would be duplicative to invite an organisation to report if the organisation was subject to existing regulation (or regulation coming into force) or a voluntary agreement:
- that requires a comprehensive assessment of the risks to the functions of the organisation from climate change
  - that requires a programme of measures to be drawn up and progress reported on in implementing the findings of this programme of measures
  - where the findings are made publically available

## Targeting reporting authorities proportionately

- 3.13 A very large number of organisations are theoretically eligible under the adaptation reporting power. Some of the sectors highlighted as vulnerable to climate change may be formed of many much smaller organisations. The government believes that including such organisations as reporting authorities would be disproportionate.
- 3.14 The development of the National Adaptation Programme has involved collaboration with a wide range of stakeholders to develop ways of helping organisations to consider adaptation through methods like sector relevant guidance and provision of information and tools.
- 3.15 Government will focus at a strategic level to minimise what it is asking of smaller organisations. Where appropriate, government will invite umbrella organisations to report on behalf of members. Determining proportionality must occur on case by case basis.
- 3.16 The government has not defined a specific threshold for proportionality. The voluntary approach means that there is scope for discussion with government to ensure that the reporting process is proportionate and beneficial.

## Geographical coverage

- 3.17 Adaptation to climate change is a devolved policy issue. The reporting power provisions in the Climate Change Act 2008 apply to reporting authorities with functions in England and in the devolved administrations where their functions relate to non devolved matters in Wales, reserved matters in Scotland and reserved and excepted matters in Northern Ireland.

3.18 The Act also gives the Welsh Ministers the power to direct reporting authorities to report on devolved matters. In addition there are reserved matters affecting Scotland, Wales and Northern Ireland on which the Secretary of State may request reports. In such instances invitations will only be issued by the Secretary of State where consultation and consent have been granted by the relevant Ministers.

3.19 More detailed information on devolution is available in Section 8 of this document.

## Joint reporting

3.20 The legislation makes provision for reporting authorities to prepare a joint report. The first round of adaptation reporting helped to identify the interdependencies between reporting organisations in terms of preparing for the impacts of climate change. Respondents to the consultation on the approach to the second ARP round considered that joint reporting may often result in additional burdens on reporting authorities. The government is not proposing to invite organisations to report jointly in this round although this option is open to reporting authorities. The National Adaptation Programme provides many additional opportunities for collaborative working on managing future climate risk.

3.21 In future the government may request joint reports from two or more authorities. One instance may be where there are challenges facing a particular geographic location and where collaborative risk assessment and actions could be most effective and efficient.

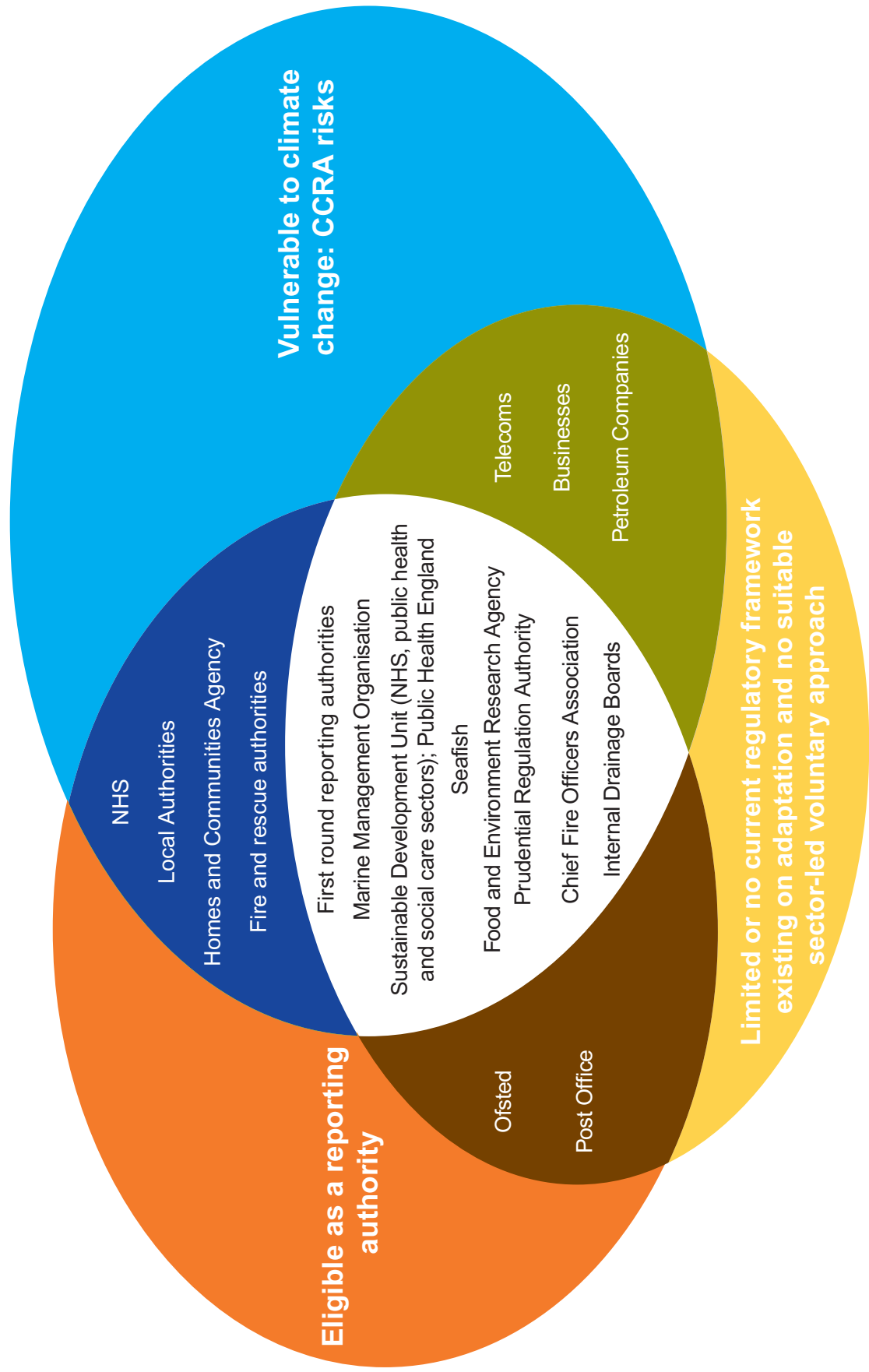
## Applying the criteria

3.22 The diagram below identifies organisations and highlights where they fall under the three criteria:

- eligible as a reporting authority
- authorities that are potentially vulnerable to the projected impacts of climate change
- authorities that have a limited or no current regulatory framework on adaptation and no suitable sector-led voluntary approach
- the way these three criteria overlap

3.23 Those organisations which meet all of the criteria are the priorities for reporting in the second round. Explanation of how government is engaging with the others through the National Adaptation Programme is set out in Section 4.

## Application of criteria for the second round of the Adaptation Reporting Power



# Authorities to be invited to report

## Organisations that reported in the first round

- 4.1 The government is keen to ensure that the excellent work organisations did in preparing their adaptation reports continues. It is therefore proposing a 'light-touch' exercise to find out about progress on actions that reporting authorities committed to.
- 4.2 The government will invite organisations that reported under the first round of the Adaptation Reporting Power to produce updates on their reports, setting out progress on actions and assessment of risk. The risks that these organisations face from climate change are unlikely to have changed in the 1-3 year period since they submitted their previous report. The government is therefore not proposing that these organisations complete an entire additional adaptation reporting process. These organisations are listed in annex A.
- 4.3 First round reporting authorities have expressed support for this approach and asked that the process be made flexible to meet the needs of individual organisations. Government will continue to work with organisations and regulators to ensure that there is minimal duplication of reporting requests. For instance, discussions with water companies indicate that a considerable amount of adaptation information will be contained within their business plans for the Periodic Review 2014. Regulators will also discuss the possibility of collaborating on joint reporting.

## Transport sector

- 4.4 The transport sector was identified as a crucial sector in the first round of reporting. It includes organisations responsible for roads, railways, airports and ports. This included the regulators, Office of Rail Regulation and Civil Aviation Authority, two lighthouse authorities and two public bodies, the Maritime and Coastguard Agency and the Highways Agency. The majority of these organisations are planning to provide progress reports as part of the second round of reporting, at different stages over the period of the National Adaptation Programme. The reporting timeframes are guided by regulatory frameworks, development of the evidence base and other reporting cycles.

## Energy sector

- 4.5 The energy sector was a crucial sector in the first round of reporting. It includes organisations responsible for electricity generation, transmission and distribution, as well as gas transportation and includes the sector regulator Ofgem.
- 4.6 National Grid has indicated its desire to submit a progress report towards the end of 2016 to align with regulatory timescales. This will enable it to use the outputs of key research projects to assess and update its business climate change risks and actions.
- 4.7 On behalf of the UK gas and electricity distribution network operators, the Energy Networks Association has indicated that aligning adaptation reporting with reporting to Ofgem on planning for the regulatory review period from 2015 would minimise the burden. The best time for it to report progress would be during 2015.



- 4.8 The electricity generation companies that reported in the previous round intend to report collectively on their sectoral resilience to climate change. Energy UK has agreed to be the coordinator for this sectoral adaptation update report on electricity generation and has indicated this will be produced during 2015.

## **Water sector**

- 4.9 The water sector was a crucial sector in the first round of adaptation reporting, including the regulator Ofwat. Water companies already produce information suitable for the adaptation reporting process through Water Resource Management Planning and the Ofwat Price Review process. Government will work with water companies and the regulator to reduce any unnecessary duplication and ensure that water companies are able to provide progress reports which fit with their regulatory timescales. This is likely to mean that they report during 2015.

## **Public bodies and natural environment sector**

- 4.10 A wide range of public bodies produced reports in the first round, particularly those with responsibility for the natural environment. These organisations include National Parks, Forestry Commission, Natural England and the Environment Agency. The process of developing the reports acted as a driver to prioritise adapting to climate change within their organisations. Although the reports were produced by individual organisations they highlighted the need for a partnership approach in the sector. National Park Authorities have indicated that updates on their adaptation plans will be available by the summer of 2014. Natural England and Forestry Commission (England) plan to submit draft progress reports by the end of 2015. The Environment Agency is planning to submit a progress report in 2014.

## **New organisations to be invited to report in the second round**

- 4.11 The government has modified the criteria which were used in the first round of reporting and so a number of new priority reporting authorities have been identified. In some areas, the Climate Change Risk Assessment has highlighted new risks or new vulnerabilities to risk which were not known at the time of the first round. In some sectors, organisational structures have shifted and organisations have new roles and responsibilities.

## **Marine Management Organisation**

- 4.12 At the time of the first round of the Adaptation Reporting Power the Marine Management Organisation (MMO) had not been vested with its powers. As the organisation responsible for the sustainable development of the UK's marine area it will be very important that climate change is adequately prioritised within its decision-making processes. MMO has indicated it will produce a climate change adaptation report later in 2013.

## Seafish

- 4.13 The government did not direct the Seafish Industry Authority to report in the first round. However it has an important role in supporting the environmental sustainability, efficiency and cost-effectiveness of the seafood industry. Its remit includes the fishing and aquaculture sectors, processors, importers, exporters, distributors and consumers of seafood. It has indicated it plans to report at a time in line with its corporate reporting cycle.

## The health and social care sector

- 4.14 The Health Sector Report of the Climate Change Risk Assessment and the recent Health Protection Agency report 'Health Effects of Climate Change in the UK 2012' identify a number of risks to health and social care from climate change which need to be addressed.<sup>5</sup>
- 4.15 The first round of the ARP achieved an initial, partial coverage of the health sector, with Monitor as the nominated reporting body. The Sustainable Development Unit for the health, public health and social care sector (SDU) works to promote climate adaptation and climate resilience. All NHS provider organisations are encouraged to develop and implement Sustainable Development Management Plans (SDMPs) agreed at Board level, covering sustainable development, mitigation and adaptation plans. Recent analysis shows that 83% of Strategic Health Authorities, NHS Trusts and Foundation Trusts have SDMPs in place (May 2012).
- 4.16 NHS Ambulance Trusts play a key role in the emergency response to severe weather events and other associated climate impacts. There are 11 Ambulance Trusts across England (plus Isle of Wight) and as NHS Trusts and NHS Foundation Trusts they are also encouraged to develop and implement SDMPs. Government's National Adaptation Programme will work with the Association of Ambulance Chief Executives and the SDU to promote climate resilience and adaptation within the Ambulance Trusts.
- 4.17 The health sector is currently undergoing substantial reform, with much of the responsibility for public health coming under local councils, as for social care. As part of the current reforms to the health sector, the emerging Public Health Outcomes Framework also includes an SDMP indicator.
- 4.18 The government is seeking to promote the use of SDMPs as an existing, successful, voluntary reporting approach to address the needs of the ARP. The Sustainable Development Unit for the health, public health and social care sector will be the reporting body. It has indicated that submitting an adaptation report in summer 2015 would fit with current reporting cycles.

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5 <http://www.hpa.org.uk/hecc2012>

4.19 During this transition period, use of the ARP within the health and social care sectors will need to evolve. With new structures having come into effect in April 2013, government will continue to explore with NHS England, the SDU and Public Health England, where the adaptation reporting process can add value, for example with Clinical Commissioning Groups and the Primary Care Sector. Government's Climate Ready programme will continue to work with the SDU, NHS England and Public Health England to support its promotion of climate adaptation within the SDMP framework.

## **Chief Fire Officers Association**

4.20 The Chief Fire Officers Association is the professional body representing senior fire and rescue officers across the UK. It has volunteered to produce a report setting out the potential risks from future weather conditions to its members operations as well as highlighting possible future options as to how Fire and Rescue Services may work together and with other organisations to respond to those changing risks. It proposes to report by April 2014.

## **Historic environment and heritage sector**

4.21 In developing the approach to the National Adaptation Programme and the second round of the ARP, the government has engaged with a number of organisations in this sector which could benefit from reporting alongside other organisations within the sector. Evidence on the sector's capacity to adapt indicates that coordinated action will be helpful.

4.22 English Heritage and the Church of England have both indicated in response to consultation that they intend to produce reports on the climate risks to their organisations and on planned actions to address the risks. While they anticipate their reports will focus on the specific character and responsibilities of the individual organisations, they are also establishing a wider Historic Environment Climate Change Adaptation Group to define areas of consensus and to ensure that the historic environment is considered appropriately during future land management planning.

## **Other key organisations and sectors**

### **Prudential Regulation Authority**

4.23 The first round of the Adaptation Reporting Power (ARP) did not prioritise finance as a sector at risk from climate change. Since then we have improved evidence on the impacts of climate change, and research to show that organisations such as insurers, investors and mortgage providers may be affected. For example, climate change can affect asset performance through reduced future investment yields and the productive lifetime of capital investments such as infrastructure. Potentially significant impacts for insurers can also arise from the change of land-use and the increase of extreme events' frequency and severity that could test the insurability limits for some natural perils. Companies with comprehensive adaptation programmes may gain competitive advantages as future markets evolve. While insurance companies and institutional investors are not subject to the reporting power, they are working with government to help implement the National Adaptation Programme.

4.24 The ARP is relevant to regulators of the financial sector, to ensure that they are removing barriers to adaptation and taking account of climate change risks in their regulatory processes. Government is in discussion with the Prudential Regulation Authority (PRA), the newly established arm of the Bank of England dealing with prudential regulation of financial institutions, about the value of its producing an adaptation report looking across its functions.

## **Internal Drainage Boards**

4.25 Defra is currently developing a research project to consider climate change adaptation best practice within Internal Drainage Boards (IDBs). Working with IDBs, the project aims to:

- support IDBs in sharing best practice on increasing local resilience to climate change
- learn from IDB best practice as the sector looks to develop more local and integrated approaches to water management
- identify and assess the potential of a range of enhanced roles for IDBs to help better manage extremes of water and work to design future collaborations or groupings best placed to tackle water management at catchment level

4.26 The Association of Drainage Authorities (ADA) is recognised as the national representative of the Internal Drainage Boards (IDBs) and other water level management organisations. It has contributed to the development of the National Adaptation Programme. Government will keep under review the value of inviting ADA to develop an adaptation report on behalf of IDBs in light of the research project and implementation of the National Adaptation Programme.

## **Food and Environment Research Agency**

4.27 The Climate Change Risk Assessment identified that plant pests and diseases, including alien ones yet to arrive in the UK, could pose a significant risk under a changing climate. Hence it will be very important for the Food and Environment Research Agency (Fera), as the lead organisation within the UK Plant Health Service, to continue to ensure that climate change is prioritised in decision making and future planning. The government is currently reviewing the status and functions of Fera. Once these wider issues are resolved then government will revisit the question of whether it would be valuable to ask Fera to prepare a voluntary adaptation report.

## **Telecoms sector**

4.28 The sector regulator, the Office of Communications (Ofcom) reported in the first round on the risks from climate change to its functions and how it is taking account of climate change impacts on the organisations it regulates. The Secretary of State will invite Ofcom to provide a progress update in the second round. Along with organisations such as Ofwat, Ofgem and the Office of Rail Regulation (ORR), Ofcom participates in a Joint Regulators Group on adaptation. Companies in the telecoms sector are not statutory undertakers. The government and the regulator are continuing to work with the sector to understand more about potential risks arising from future climate change and how to build sectoral resilience to impacts from climate change. The industry-led Electronic Communications – Resilience and Response Group (EC-RRG) is looking to develop an overview of the adaptation measures being undertaken by the industry.<sup>6</sup>

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6 <https://www.gov.uk/telecoms-resilience#the-electronic-communications---resilience-and-response-group-ec-rrg>

# Authorities not included

## Local councils

- 5.1 Local councils are independently elected and autonomous bodies. They are largely independent of central government and are directly accountable to their electorates, with powers conferred on them by Acts of Parliament. Government's commitment to localism means delegating power to the lowest appropriate level. Local councils have a crucial part to play in this, both in carrying out responsibilities from central government and in devolving power further where possible.
- 5.2 As providers of key services and as community leaders, local councils play a pivotal role in leading, supporting and driving delivery of actions to increase resilience of local places, communities and businesses. For example, in relation to managing flood risk where, as Lead Local Flood Authorities, many councils are responsible for preparing flood risk management strategies. Under the Civil Contingencies Act councils are considered first responders to a wide range of civil emergencies, including those related to climate change. Many local councils have already produced and implemented adaptation strategies looking at wider climate risks.
- 5.3 The Local Government Association (LGA) has set up the Climate Local initiative, through which councils are able to sign up to specific voluntary local actions on both climate change mitigation and adaptation. A part of the agreement is to review commitments regularly and to report annually on progress against these commitments. So far around sixty three councils have signalled their intention to sign up to Climate Local, with more expected over the coming months.<sup>7</sup>
- 5.4 Government acknowledges the importance of, and is supportive of, locally led action on climate change to strengthen resilience to current and future climate risk. Government will continue to work with the LGA to develop a framework for action through the National Adaptation Programme that sets out a clear narrative on ways in which councils can build climate resilience. Government will also work through the Core Cities Group, London Councils and the Local Adaptation Advisory Panel to share good practice and support locally driven adaptation action. Given the government's localism agenda and in particular the establishment of the LGA's Climate Local initiative, local councils will not be invited to report under the ARP to avoid duplication with sector-led voluntary reporting arrangements.

## Businesses

- 5.5 Climate change will present both challenges and opportunities for businesses. Research undertaken for Defra by the Carbon Disclosure Project found that 80% of responding FTSE 100 companies identified substantive risks to their business as a result of climate change.<sup>8</sup> However fewer than half of FTSE 100 companies incorporate climate adaptation or equivalent into their business strategies.

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<sup>7</sup> [http://www.local.gov.uk/web/guest/the-lga-and-climate-change/-/journal\\_content/56/10171/3574359/ARTICLE-TEMPLATE](http://www.local.gov.uk/web/guest/the-lga-and-climate-change/-/journal_content/56/10171/3574359/ARTICLE-TEMPLATE)

<sup>8</sup> <http://archive.defra.gov.uk/environment/climate/documents/cdp-adaptation-report.pdf>

- 5.6 The ARP does not apply to the vast majority of businesses. However Defra is engaging with the Carbon Disclosure Project to raise the profile of adaptation through its annual questionnaire to companies on the behalf of investors. Lessons from the ARP process will be used to highlight examples of best practice in adaptation so that business as a whole becomes more resilient. Further work on businesses and adaptation is set out in the business chapter of the National Adaptation Programme report.

## Homes and Communities Agency

- 5.7 The Homes and Communities Agency (HCA) is the national housing and regeneration agency for England. HCA is also the regulator for social housing providers in England, focusing on governance, financial viability and value for money as the basis for robust economic regulation. The Climate Change Risk Assessment identified a number of risks relevant to the HCA. In response HCA has made a corporate plan commitment to support the National Adaptation Programme.<sup>9</sup> It has also published a Design and Sustainability Business Plan.<sup>10</sup> HCA will not be invited to report under the ARP to avoid duplication of existing reporting arrangements.

## Fire and rescue authorities

- 5.8 Services are delivered in England by forty six fire and rescue authorities of differing size and structure. Central government provides a statutory framework and allocates financial resources through Revenue Support Grant and other means. Government also funds them to deliver a national resilience capability.
- 5.9 The Climate Change Risk Assessment identified that the emergency and fire services will experience increased demand in responding to severe weather events linked to climate change, such as flooding. It also identified a specific risk around the incidence and severity of wildfires which is predicted to have knock-on demand on fire and rescue authorities.
- 5.10 Each fire and rescue authority must produce an Integrated Risk Management Plan that identifies and assesses all foreseeable fire and rescue related risks that could affect its community, including those of a cross-border, multi-authority and/or national nature. The plan must have regard to the community risk registers produced by Local Resilience Forums and any other local risk analyses as appropriate. Given the scope of the Integrated Risk Management Planning process, the Secretary of State will not be inviting individual fire and rescue authorities to report under the ARP to avoid duplication of existing reporting arrangements.

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<sup>9</sup> [www.homesandcommunities.co.uk/sites/default/files/aboutus/corporate\\_plan\\_010812.pdf](http://www.homesandcommunities.co.uk/sites/default/files/aboutus/corporate_plan_010812.pdf)

<sup>10</sup> [www.homesandcommunities.co.uk/sites/default/files/aboutus/d\\_and\\_s\\_business\\_plan\\_final.pdf](http://www.homesandcommunities.co.uk/sites/default/files/aboutus/d_and_s_business_plan_final.pdf)



# Support for reporting authorities

- 6.1 Government has given the Environment Agency a specific role to provide advice and support to businesses and public sector organisations in England to help them adapt to the changing climate. The service, called Climate Ready, complements the Environment Agency's existing roles and responsibilities. This role builds on the work which was previously undertaken by the UK Climate Impacts Programme. Different arrangements are in place in Scotland, Wales and Northern Ireland, the detail is set out in Section 8.
- 6.2 The Climate Ready support service provides:
- information about how the climate of the UK may change
  - guidance and advice on carrying out climate change impacts assessments
  - guidance and advice on identifying and evaluating climate change adaptation strategies and decisions
  - a helpdesk to answer queries on climate change planning as well as provide technical support on the UK Climate Projections
- 6.3 In delivering the Climate Ready service the Environment Agency will:
- work with and through other government delivery bodies, service providers and sector representatives to understand what is needed
  - work in partnership with national organisations and local networks
  - develop practical guidance and tools to help organisations identify and evaluate climate change adaptation strategies, including how to assess the costs and benefits of different options
  - help build capacity within organisations through training, professional development and peer-to-peer learning
  - talk to users and practitioners about their needs for future climate projections to ensure their requirements are met
  - develop a set of adaptation case studies to demonstrate how organisations are taking practical action to adapt
  - work with research councils, universities and other organisations to ensure our service has access to the latest science
- 6.4 Government will continue to discuss with reporting authorities how it, the Environment Agency and others involved in delivering the National Adaptation Programme, like Climate Change Partnerships and Climate UK, can encourage and support them to produce and implement adaptation reports. The government will provide voluntary guidance to help organisations to prepare their reports. Example reporting frameworks will be developed for use by organisations which would value this.

# Additional circumstances in which the Secretary of State may request reports

- 7.1 As required by Section 65 of the Climate Change Act 2008, the Secretary of State must outline the circumstances in which directions to report might be given that are not indicated within this document. This section outlines the circumstances which may result in requests to report being given to authorities. These circumstances are:
- where a future event exposes vulnerability
  - where evidence is obtained of bodies' poor performance to reduce vulnerability to climate change
  - where a new body is created that fulfils the criteria outlined in Section 2 or
  - where an existing body's role changes so that it fits these criteria

## **Where a future event, or increase in available evidence, exposes previously unidentified vulnerability**

- 7.2 It is possible that an extreme weather event of similar severity to the 2007 summer floods, the 2003 heat wave or the 2012 drought may occur and highlight the vulnerability of organisations or sectors not currently included as reporting authorities. If such an event occurs it is important that the government can act quickly to respond to any additional vulnerabilities highlighted.
- 7.3 The government therefore reserves the right to ask reporting authorities, not currently included, to report if future events display a previously unidentified vulnerability in a sector or organisation.

## **Where there is evidence that an authority is not performing to a regulators' required standard against objectives to reduce vulnerability to climate change**

- 7.4 Where organisations have an alternative regulatory regime that incorporates adaptation, their performance against those standards can be assessed. Where a key organisation is assessed by its regulators to be failing in fulfilling its adaptation requirements, it will be open to the Secretary of State to request an adaptation report under the Adaptation Reporting Power.

## **Where a new body is created that fulfils the criteria**

- 7.5 Section 3 outlined criteria under which an authority may be invited to report. New bodies are created under statute or licences passed to new authorities regularly. For this reason the Secretary of State might require or invite any new organisation to report that fulfils the criteria outlined in Section 3.

## **Where an existing body's role changes so that it fits the criteria**

- 7.6 As for new bodies, a public authority's role or statutory functions are subject to change. For this reason the Secretary of State might require or invite any organisation to report where its functions change so that it fits the criteria set out in Section 3.



# Devolved and reserved matters

- 8.1 The strategy for the exercise of this power has been developed following discussion with officials from the Devolved Administrations.
- 8.2 All relevant sections and Schedules of the Climate Change Act 2008 extend to the whole of the UK, except as stated in the Act. The Secretary of State has the power to issue directions to report to reporting authorities in Devolved Administrations but cannot give directions relating to a reporting authority's devolved functions.
- 8.3 The power can only be used on authorities whose functions are in England or are outside England and relate to reserved matters in Scotland, non devolved matters in Wales and reserved and excepted matters in Northern Ireland.
- 8.4 Some of the functions exercised by these authorities in the Devolved Administrations relate to matters which are not fully devolved. The Devolved Administration still has some joint or concurrent control over these functions with a Minister of the Crown, or there are requirements for consent or consultation.
- 8.5 The legal obligations of the Secretary of State to consult or obtain consent before he may give directions relating to these functions are set out in Section 64 of the Act. In practice, requirements to gain consent or consult vary on a case by case basis and the Secretary of State will consult with or request consent from Devolved Administrations on those issues with consultation, consenting or joint/concurrent control requirements prior to invitations to report being issued.
- 8.6 As this reporting round is taking a voluntary approach and the Secretary of State is not intending to give directions to reporting authorities, there are no conflicts with Devolved Administrations over reserved, non devolved or excepted matters.

## Corresponding powers

### Wales

- 8.7 The Act provides the power to Welsh Ministers to issue directions to report and produce Statutory Guidance, mirroring the Secretary of State's powers, for reporting authorities' devolved functions in Wales. There are similar requirements on Wales to gain consent from or consult with the Secretary of State on any issues overlapping with those of other authorities.
- 8.8 The Act also provides Welsh Ministers with the power to issue guidance to which reporting authorities must have regard when preparing an adaptation report, if they have functions that are exercisable in Wales, or have devolved functions.

- 8.9 Welsh Ministers have not directed any reporting authorities to prepare reports. However they are supporting organisations in Wales to assess and manage climate risks by issuing statutory guidance and by providing advice and tools through an Adaptation Knowledge Transfer Programme.<sup>11</sup>
- 8.10 Parts 1 and 2 of the guidance provide a step-by-step approach to developing a planned response to the threats and opportunities presented by climate change. The guidance draws on the latest international research and good practice in this area. The Welsh Government has adopted the same approach for developing parts 3 to 5 of the guidance, which were published in the first half of 2013.
- 8.11 The Welsh Government would expect any organisation that either has functions exercisable in Wales or carries out devolved Welsh functions to have regard to its guidance when preparing statutory or voluntary adaptation reports.
- 8.12 The Welsh Government's approach to preparing for a changing climate is set out in the Welsh Government's Climate Change Strategy first published in 2010 and reviewed on an annual basis.<sup>12</sup> The approach to using the powers in the Climate Change Act relating to adaptation and the approach to knowledge transfer is set out in the Strategy and its First Annual Report (March 2012).
- 8.13 Organisations in Wales seeking advice and support on how best to prepare for a changing climate can contact the Climate Change team at the Welsh Government.

## Northern Ireland

- 8.14 The Climate Change Act 2008 does not give any powers to Northern Ireland Ministers (by contrast with the situation in Wales) and no similar power is available under any other legislation.
- 8.15 Therefore the only power applicable in Northern Ireland is the Secretary of State's power to issue guidance and directions to reporting authorities in relation to a reporting authority's non-devolved functions. In practice, many issues in Northern Ireland are completely reserved and devolved, so the powers of the Climate Change Act 2008, in relation to the ARP, are relatively limited in scope. Requesting consent or consultation may apply where this is not the case, as set out above.
- 8.16 As required under Section 60 of the Climate Change Act 2008, Northern Ireland is developing a Northern Ireland Adaptation Programme (NIAP) which will address the threats and opportunities identified in the Climate Change Risk Assessment. The NIAP will be laid before the Northern Ireland Assembly in 2013.

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<sup>11</sup> Adaptation guidance in Wales: <http://wales.gov.uk/topics/environmentcountryside/climatechange/preparing/how/guidance/?lang=en>

<sup>12</sup> Climate Change Strategy for Wales : <http://wales.gov.uk/topics/environmentcountryside/climatechange/publications/firstprogressreport/?lang=en>

8.17 Organisations that wish to widen their understanding and knowledge of the impacts of climate change within Northern Ireland, and the adaptation actions necessary to deal with it, can contact Climate Northern Ireland.<sup>13</sup>

## Scotland

8.18 The Climate Change (Scotland) Act 2009 gained Royal Assent on 4 August 2009. Section 44 of the Act places a duty on 'public bodies', when exercising their functions, to act in a way which is best calculated to:

- deliver on emission targets
- deliver on an Adaptation Programme laid under Section 53 of the Act, in a way which is sustainable

8.19 These duties came into force on 1 January 2011 and apply to all 'public bodies', defined as a Scottish public authority within the meaning of Section 3(1) (a) of the Freedom of Information (Scotland) Act 2002 (as amended). The Scottish Government published guidance on the public bodies' duties on 4 February 2011.<sup>14</sup>

8.20 The Scottish Act also allows Scottish Ministers, by Order, to impose other climate change duties, to require reports on compliance with climate change duties and to designate one or more bodies or persons to monitor compliance and to carry out investigations.

8.21 Work is currently underway by the Scottish Government to develop a Scottish Adaptation Programme and this will be consulted on in 2013. This will build on the Scottish Government's Climate Change Adaptation Framework (published in 2009) and will respond to climate change impacts for devolved areas in Scotland.<sup>15</sup>

8.22 Any Scottish organisation seeking advice or support on how best to adapt to a changing climate can contact Adaptation Scotland, an advice service funded by the Scottish Government.<sup>16</sup>

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13 Climate Northern Ireland consists of representatives from central and local government, the business community, the voluntary sector and professional organisations. <http://www.climatenorthernireland.org.uk>

14 Link to the Scottish Government guidance on public bodies duties <http://www.scotland.gov.uk/Publications/2011/02/04093254/0>

15 Link to Scottish Government's Climate Change Adaptation Framework and its action plans – <http://www.scotland.gov.uk/Topics/Environment/climatechange/scotlands-action/adaptation/AdaptationFramework>

16 [www.adaptationscotland.org.uk/1/1/0/Home.aspx](http://www.adaptationscotland.org.uk/1/1/0/Home.aspx)