

Committee on Climate Change
Adaptation Sub Committee
4th Floor, Manning House
Carlisle Place
London
SW1P 1JA

20th November, 2009

Dear Hilary,

ASC advice on the evolving methodology for the Climate Change Risk Assessment (CCRA) and Adaptation Economic Assessment (AEA)

Under the Climate Change Act the Adaptation Sub Committee (ASC) is required to advise you on the preparation of the Government's CCRA, and you are required to take this advice into account prior to laying it before Parliament. The Committee's main points on the methodology phase of the CCRA are:

- **The CCRA method presented to the Committee in November has not developed significantly since September. The Committee believes that the consultants have not yet presented a coherent framework to address the CCRA's stated objectives. The contractors should build on existing methods and simplify their approach. The methodology for the AEA is crucial and even less developed.**
- **As currently proposed the method to prioritise impacts for analysis during 2010 will neither ensure consistency; nor focus efforts on understanding those impacts that affect the socially most valuable activities; nor fully consider the consequences of extreme events.**
- **Plans to continue stakeholder engagement beyond the first CCRA should be developed with the aim of building the evidence base for future CCRA's and encouraging better adaptation efforts. Local authorities and other groups, such as SMEs, should be represented in the stakeholder strategy.**

The rest of the note sets out the Committee's approach and its advice, including recommendations.

The Committee's approach

The Committee considered the following in developing its advice:

- Firstly, the contractors are just over half way through developing the methodology. The Committee therefore did not expect to see a fully formed method, rather they wanted to see evidence that one would be delivered by January as required by Defra, and that the method was likely to deliver the intended objectives of the CCRA;
- Secondly, our advice relates to the methodology presented to the Committee on 10th November and the supporting documents provided. Clearly, any developments since then will not be reflected in this advice;
- Thirdly, your officials and the contractors face a difficult methodological task and they have not had a lot of time to carry it out. Indeed a principle concern of the Committee is the lack of time available for the CCRA, including the time available for ASC scrutiny;
- Finally the Committee very strongly believes that its success depends upon the contractor delivering an assessment with sufficient depth, breadth and scientific credibility to guide policy decisions.

The Committee's advice and recommendations

The Committee's main points, set out in more detail in the technical note, are:

- The Committee want to see a fuller statement of the methodology which the contractors intend to employ. The method presented has not developed significantly since September. In particular, the Committee feels that the consultants have not yet presented a coherent framework to address the CCRA's stated objective to 'assess the risks (including opportunities) to those **things which have social, economic and environmental value** in the UK from current and future climate change'.
- The contractors have developed novel ideas, but were trying to reinvent the process of doing risk and impact assessments for which there is already a wealth of experience and guidance. Given the tight timescales for delivering the method and the CCRA, the contractors should build on this guidance and simplify their approach. In the Committee's view the key steps are:
 - To conduct a robust literature review of all the main sectors covered in previous national assessments. The literature review should inform, and be informed by, what the Government and the national authorities value (e.g. protection against major threats). The literature review should, where possible, distinguish between risks common to all the UK and those that are specific to parts of the UK. And take into account the impact that climate changes overseas will have on the UK;

- In parallel, to develop more complex aspects such as: monetising risks, evaluating adaptation options, incorporating socio-economic scenarios, incorporating risk and assessing the implications of mitigation efforts (in terms of climate and socio-economic scenarios, e.g. limitations on land-use response);
- To test the novel elements of the approach on a manageable and well documented UK sector which is central to the adaptation challenge;
- To then roll out the method, revised if needed, for other sectors or activities, starting with those judged to be the most important.

The Committee set out a possible structure for the literature review in Annex B of the attached technical note.

- Before the end of this year the contractors will prioritise impacts or risks for analysis. The Committee has concerns about the proposed method:
 - There is no clear mapping from projected climate changes, bio-physical effects and socio-economic influences through to impacts, which is necessary to ensure consistent prioritisation of risks. The systems analysis, required under the CCRA, could provide this but it has received little attention so far. The process of gathering data from sector groups has already begun. The Committee question whether data can be gathered on a systematic basis without an agreed methodology to ensure consistency;
 - Prioritising CCRA analysis using the existing literature is unlikely to fully capture key risks since the existing impacts literature is largely driven by academic interest and may not reflect the risks to things society values. It will also be driven by what can be readily estimated: things that are less certain (e.g. extreme events) are unlikely to be fully considered;
 - To deliver meaningful policy recommendations, a finer sector classification will be required in the CCRA report to reflect policy interests (e.g. impacts on vulnerable groups, implications for SMEs). This requirement needs to be built into the CCRA at the start.
- We welcome the contractor's intention to increase integration between the CCRA and the AEA, which has hitherto been lacking. The Committee recognises that the AEA started later than the CCRA due to delays assembling the team and that as a result the methodology is less developed. The Committee note that time is short and that a method needs to be developed quickly. In the Committee's view the key steps are:
 - Conduct a literature review of economic impact studies, including studies that go beyond the UK (e.g. EU, US). This will identify currently available methods and data although the evidence base will be

- uneven across sectors. The contractors should understand different adaptation assumptions and valuation methods used in studies;
- Introduce additional complications such as: inter-linkages between sectors which increase or reduce impacts; effects on the UK from overseas; standardising sector results using consistent assumptions about climate and socio-economic trends; looking at adaptation strategies in more detail considering uncertainty, prioritisation and role of the state;
 - Apply these complications to a pilot case and, depending on the success of this, roll out more widely.
- One aspect of stakeholder engagement, which seemed to be underplayed, was the role of the CCRA in developing greater awareness of the potential need to adapt to climate change and signing key actors up to a commitment to action. Stakeholder engagement should help governments and national authorities identify things of value and identify the points at which impacts become an issue. Plans to continue stakeholder engagement beyond the first CCRA should be developed. It would be a missed opportunity if, at the end of the CCRA process, stakeholder engagement was to end and actions, such as building the evidence base for future CCRA's or efforts to encourage better adaptation, were not followed through. The Committee also believe that local authorities and other groups such as SMEs should be represented in the stakeholder engagement strategy as they are key actors in adaptation.
 - The Committee believe that the contractor needs to establish an **academic** peer review process to validate the science used in the CCRA, drawing on experts from a wide range of fields. At the meeting on 10th November, your officials believed that this was the ASC's role. The Committee disagrees – it lacks the breadth of academic knowledge required to do this and is better placed to provide guidance on the interpretation of the assessment.

The Committee will discuss the methodology further with the contractors at our next Committee meeting on 18th December and I will write to you again after this meeting to update you on the Committee's views. Individual Committee members are also available to meet the contractors in early December to discuss any technical aspects related to their advice.

A copy of this letter goes to Peter Unwin and Robin Mortimer. As required under the Climate Change Act I am also copying this advice to the other national authorities.

Yours ever,



John Krebs
CHAIRMAN