

# **Financial implications of the Environment (Air Quality and Soundscapes) (Wales) Bill**

July 2023

## 1. Introduction

- 1.** The Environment (Air Quality and Soundscape) (Wales) Bill<sup>1</sup> (the Bill) and Explanatory Memorandum<sup>2</sup> (EM), including the Regulatory Impact Assessment (RIA), were introduced by Julie James MS, the Minister for Climate Change (the Minister) on 20 March 2023.
- 2.** On 21 March 2023, the Minister made an introductory statement on the Bill in Plenary<sup>3</sup>.
- 3.** The Bill aims to:
  - provide a framework for setting national air quality targets;
  - amend existing legislation relating to:
    - the national air quality strategy,
    - local air quality management,
    - smoke control,
    - clean air zones/low emission zones, and
    - vehicle idling;
  - place a duty on Welsh Ministers to promote awareness of air pollution; and
  - place a duty on Welsh Ministers to publish a national soundscapes strategy.<sup>4</sup>
- 4.** The Finance Committee (the Committee)<sup>5</sup> took evidence on the financial implications of the Bill on 26 April 2023<sup>6</sup>, from:
  - Julie James MS, Minister for Climate Change;

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<sup>1</sup> [Welsh Government, Environment \(Air Quality and Soundscape\) \(Wales\) Bill](#)

<sup>2</sup> [Welsh Government, Explanatory Memorandum](#)

<sup>3</sup> [Plenary Record of Proceedings \(RoP\), 21 March 2023](#)

<sup>4</sup> Explanatory Memorandum, page 4

<sup>5</sup> John Griffiths MS substituted for Rhianon Passmore, in accordance with Standing Order 17.48

<sup>6</sup> [Finance Committee, RoP, 26 April 2023](#)

- Olwen Spiller, Deputy Head of Environmental Protection, Welsh Government; and
- Roger Herbert, Head of Air Quality Monitoring, Evidence and Assessment, Welsh Government.

**5.** Policy scrutiny of the Bill was undertaken by the Climate Change, Environment and Infrastructure Committee (CCEI).<sup>7</sup>

**6.** The Legislation, Justice and Constitution Committee also considered the Bill in accordance with matters which fall within its remit.<sup>8</sup>

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<sup>7</sup> [Climate Change, Environment and Infrastructure Committee](#)

<sup>8</sup> [Legislation, Justice and Constitution Committee](#)

## 2. Purpose and need for the Bill

**7.** The Welsh Government identifies improving health as one of the reasons why the Bill is needed, while also referencing the economic impact of air pollution, the impact on nature, as well as the impact of noise pollution and the wider implications of air quality on the climate.<sup>9</sup>

**8.** The EM sets out that national air quality improvements and noise interventions to date have been driven by European Directives, and UK and Welsh legislation which predate them. It describes “patchwork of domestic and EU-derived noise legislation... with no overarching national strategy required in legislation”. It says the Bill intends to fill gaps in the existing framework for air quality and noise.<sup>10</sup>

### Cost of the Bill

**9.** The overall cost of introducing the Bill is between £63.8 million and £80.9 million, over a ten-year appraisal period (2023-24 to 2032-33).<sup>11</sup>

**10.** The majority of the direct costs of the Bill, estimated at £63.7 million to £80.8 million, fall to Welsh Government. This includes staff costs to implement the provisions in the Bill, to establish air quality targets, ongoing costs to monitor air quality and a fund to support local authorities to deliver the Local Air Quality Management (LAQM) regime. Within that, transitional costs are estimated between £1.2 million and £15.7 million, with the remainder recurrent.<sup>12</sup>

**11.** Around £10.4 million to £14.9 million of the costs are capital, relating to enhanced air quality monitoring.<sup>13</sup>

**12.** The Minister described the Bill as “very much part of a landscape of Bills” relating to the Welsh Government’s clean air policies.<sup>14</sup> When asked if the Minister had engaged with stakeholders that could incur costs due to proposals within the Bill, she responded that:

*“This has been quite a complicated thing to do. We’ve engaged with a very wide range of stakeholders across the piece, local*

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<sup>9</sup> Welsh Government, Explanatory Memorandum, pages 9 – 11

<sup>10</sup> Welsh Government, Explanatory Memorandum, page 12

<sup>11</sup> Welsh Government, Explanatory Memorandum, page 77

<sup>12</sup> Welsh Government, Explanatory Memorandum, page 77

<sup>13</sup> Welsh Government, Explanatory Memorandum, page 76

<sup>14</sup> Finance Committee, RoP, 26 April 2023, paragraph 13

*authorities in particular, but a wide range of other stakeholders, including the cross-party group and an enormous range of other people with an interest.”<sup>15</sup>*

**13.** The Minister said in relation to public awareness that she would be “concentrating on the new significant bits of the Bill” which are the “air quality monitoring and data and the outcome of, in particular, the target setting for PM<sub>2.5</sub>”<sup>16</sup>.<sup>17</sup> She added:

*“The rest of it [the Bill] tidies up stuff, and I hope that will help with the public education and perception piece, because it’ll be easy to see what we’re supposed to do rather than have to have a PhD in figuring it out through various pieces of law. But I think, overarchingly, the issue is to reduce the amount of particulates in our air, so we shouldn’t lose sight of the fact that that’s really what all of this is about.”<sup>18</sup>*

**14.** The Committee asked the Minister what work had been undertaken to estimate the costs of pollutants on public services in Wales and the impact this Bill will have on those costs.

**15.** The Minister said this had been complicated to assess given that the data from most recent years had been “skewed” by the pandemic.<sup>19</sup> She added:

*“...COVID has significantly impacted, actually, on travel patterns... And, obviously, that is also changing what we’re trying to do with the Bill, because a lot of the emissions that we’re looking at are from traffic. So, that has an impact as well.”<sup>20</sup>*

**16.** The Minister said it is a “framework Bill”, which effectively allows the Welsh Government “to put specific targets into regulations”, therefore some of the costs associated with the Bill will depend on the targets set.<sup>21</sup> However, she later said

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<sup>15</sup> Finance Committee, RoP, 26 April 2023, paragraph 13

<sup>16</sup> Fine particulate matter

<sup>17</sup> Finance Committee, RoP, 26 April 2023, paragraph 138

<sup>18</sup> Finance Committee, RoP, 26 April 2023, paragraph 139

<sup>19</sup> Finance Committee, RoP, 26 April 2023, paragraph 19

<sup>20</sup> Finance Committee, RoP, 26 April 2023, paragraph 19

<sup>21</sup> Finance Committee, RoP, 26 April, paragraph 14

that “it's not a complete framework Bill, I should row back instantly and say to you, there's a lot of detail in here”.<sup>22</sup>

## Committee view

**17.** The Committee notes that improving health is a key driver for this Bill alongside mitigating the economic impact of air pollution and its impact on nature, as well as noise pollution and the wider implications of air quality on the climate. We heard from the Minister that it has been complicated to assess costs relating to this Bill, given the available data, and we note that there are several facets to the legislation. We are encouraged by the engagement with a wide range of stakeholder in the development of the Bill but stress the importance of continued engagement as the Welsh Government develops the detail in regulations.

**18.** The Committee notes the Minister's assertion that the most significant part of the Bill is the air quality monitoring and data, in particular, the target setting for the fine particulate matter PM<sub>2.5</sub>. The Committee also recognises that a number of the other provisions within the Bill formalise arrangements that are already taking place by the Welsh Government.

**19.** Whilst we note that the Bill contains some detailed provisions, other elements are framework in nature with the details to be set out in future regulations. Therefore, it is disappointing that significant elements of the Bill cannot be fully costed as the full financial implications will only be known once regulations are made. Further comments about the cost implications of specific regulations made under this Bill are considered later in the report.

**Conclusion 1.** The Committee is broadly content with the financial implications of the Bill as set out in the Regulatory Impact Assessment, subject to the comments and recommendations in this report. Should there be significant changes to the Regulatory Impact Assessment as a result of the recommendations made in this report, the Committee may consider those changes in more detail.

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<sup>22</sup> Finance Committee, RoP, 26 April, paragraph 17

### 3. National targets and promoting awareness

#### National targets

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**20.** The Bill creates an air quality-setting framework, enabling Welsh Ministers to set long-term air quality targets in Wales through regulations. It also requires Welsh Ministers to set a specific target, through regulations, in respect of the annual mean level of fine particulate matter (PM<sub>2.5</sub>) in ambient air in Wales, within three years of the Bill receiving Royal Assent.<sup>23</sup>

**21.** The RIA states that the framework will require Welsh Ministers to put in place arrangements for data collection and to ensure data is published. The potential additional monitoring and national reporting capability of a service would provide the basis for assessing compliance with new targets and “driving collaborative, nationally consistent and evidence-based actions across Wales at the appropriate scale for the long-term benefit of public and environmental health”.<sup>24</sup>

**22.** The largest area of cost associated with the Bill relates to air quality monitoring capabilities. A range of costs has been identified for this activity. The Committee asked the Minister to explain the circumstances in which the higher cost range would be incurred and the likelihood of this occurring. She said:

*“So, again, this is all about how we get the data in in the first place and then how we use the data to set the targets. So, the Bill requires us to put in place arrangements to collect that data, and that's really important because one of the problems we've had all the way through this process is that we don't have the data necessary...*

*...what we've done is we've tried to give you examples of arrangements that might be in place. So, the example that I've discussed with the officials a lot is that an enhanced air quality monitoring network for PM<sub>2.5</sub> would cost about £10.4 million to install, and recurrent costs of up to £3.6 million. But that depends, doesn't it, on what we mean by an enhanced air quality monitoring system. And then, for further pollutants, if you want to put more monitoring equipment in, then obviously the costs increase, because the monitoring equipment has to*

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<sup>23</sup> Welsh Government, Explanatory Memorandum, page 16

<sup>24</sup> Welsh Government, Explanatory Memorandum, pages 86 – 87

*be able to measure whatever it is that you're looking for in the air.”<sup>25</sup>*

**23.** With regard to the air quality monitoring capabilities, the Minister said that local authorities or highway authority would carry out these activities, but the Welsh Government would be “paying for it”.<sup>26</sup>

**24.** The Minister also highlighted the possibility of the Welsh Government receiving a “Barnett consequential coming from proposals in England”.<sup>27</sup> She said:

*“We have asked the Department for Environment, Food and Rural Affairs for further information on their proposals to fund additional PM<sub>2.5</sub> monitoring duties in England under the Environment Act 2021... We don't know yet whether we will get consequential funding from that; we've asked the question. If we do, then we will take as many steps as we can to seek to ring-fence that. But, as you know, consequentials that come to the Welsh Government are not necessarily used for the same thing.”<sup>28</sup>*

**25.** In terms of monitoring capabilities, the RIA estimates capital costs of up to £10.4m to extend national air quality monitoring capabilities for PM<sub>2.5</sub>, with ongoing costs of up to £3.6 million per annum. If future targets are set for additional pollutants, estimated indicative capital purchase and installation costs would instead be up to £14.9 million and associated ongoing management and maintenance costs up to £5.7 million per annum.<sup>29</sup> The RIA states:

*“Capital costs for enhancing the national air quality network are anticipated to be incurred during financial year 2025/26 and 2026/2027 with annual ongoing costs to begin during 2027/2028, following ministerial consideration of the air quality target proposals.”<sup>30</sup>*

**26.** The Minister explained that the targets need to be “achievable but stretching”<sup>31</sup> indicating that they may change according to the “evidence”. She

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<sup>25</sup> Finance Committee, RoP, 26 April 2023, paragraph 32 – 33

<sup>26</sup> Finance Committee, RoP, 26 April 2023, paragraph 40

<sup>27</sup> Finance Committee, RoP, 26 April 2023, paragraph 40

<sup>28</sup> Finance Committee, RoP, 26 April 2023, paragraph 40

<sup>29</sup> Welsh Government, Explanatory Memorandum, page 88

<sup>30</sup> Explanatory Memorandum and Regulatory Impact Assessment, page 87

<sup>31</sup> Finance Committee, RoP, 26 April, paragraph 27



said the targets are not on the face of the Bill “because we want to be able to improve those targets over time”<sup>32</sup>. She also said:

*“But we think we’ve covered off that in terms of the amount of money that we’ve put aside. So, we’ve made very educated guesstimates of what that might look like, it’s just that they’re not firm enough for us to put a figure to it... But, just in terms of the targets themselves, that’s the way it’s structured, and the cost of implementing this is very much tied up with what the targets are, to some extent.”<sup>33</sup>*

**27.** She said that further work will have been undertaken with stakeholders by the end of the Bill’s legislative process and she would “have a better idea of what various targets might look like in terms of cost”.<sup>34</sup>

**28.** In relation to the regulations setting air quality targets, the Minister said she was “very happy” to bring those forward under the Senedd’s super-affirmative procedure.<sup>35</sup>

**29.** The Committee questioned the Minister on how much the expected costs might change between now and the regulations being brought forward.<sup>36</sup> She said:

*“Well, we think we’ve made a good estimate—that’s the point. I don’t want people to think we’re just guessing here. These estimates are based on the data that we already have. They’re good, professional estimates; they’re not just a wet finger in the wind. So, we’ve done our best with that, but, obviously, we do expect them to change a bit. I would not expect them to change out of all proportion to what we’re looking at here, because the estimates are good estimates based on the data that we’ve got..*

*They will, however, change, because as the data comes in, we will know more about it. Then, as we put each regulation*

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<sup>32</sup> Finance Committee, RoP, 26 April, paragraph 17

<sup>33</sup> Finance Committee, RoP, 26 April 2023, paragraph 17

<sup>34</sup> Finance Committee, RoP, 26 April 2023, paragraph 16

<sup>35</sup> Finance Committee, RoP, 26 April, paragraph 28

<sup>36</sup> Finance Committee, RoP, 26 April 2023, paragraph 66

*through to set the targets, we'll have a better position to give the committee at that point in time.”<sup>37</sup>*

**30.** No cost savings or monetised benefits are identified in the RIA.<sup>38</sup> The Minister said that savings from the Bill were “quite difficult to quantify”<sup>39</sup> because of “COVID in particular...but we know they're there”<sup>40</sup>. The RIA, states:

*“...further work aimed at monetising benefits will be undertaken when setting the National Targets and considering the introduction of [Clean Air Zones]CAZs/[Low Emission Zones]LEZs.”<sup>41</sup>*

**31.** The Minister said work had been commissioned to understand the “burden of air quality control on public authorities in Wales”, which is part of the evidence the Welsh Government has commissioned to get a cost-benefit analysis of the various options. Therefore, she would be “able to put more detail onto that as the specific regulations go through”.<sup>42</sup>

**32.** The RIA says:

*“Based on mean levels of fine particulate matter (PM<sub>2.5</sub>) where people were exposed (in 2016), it is estimated that 3.16 million people in Wales are exposed to an average concentration of 6 µg/m<sup>3</sup> of PM<sub>2.5</sub>, corresponding to a monetised health impact of £950 M per year (central estimate). This estimate includes both direct costs, for example, chronic mortality, respiratory hospital admissions, coronary heart disease, strokes, asthma in children and lung cancer, and indirect costs, such as productivity and building soiling.”<sup>43</sup>*

**33.** When asked how effective the Bill will be in mitigating this impact, the Minister said:

*“We know that it affects people, we know that it has a very substantive effect on people, but unfortunately we don't have the data to drive the exact cost-benefit of that, and so one of*

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<sup>37</sup> Finance Committee, RoP, 26 April 2023, paragraphs 67 – 68

<sup>38</sup> Welsh Government, Explanatory Memorandum, page 77

<sup>39</sup> Finance Committee, RoP, 26 April 2023, paragraph 29

<sup>40</sup> Finance Committee, RoP, 26 April 2023, paragraph 29

<sup>41</sup> Welsh Government, Explanatory Memorandum, page 78

<sup>42</sup> Finance Committee, RoP, 26 April 2023, paragraph 20

<sup>43</sup> Welsh Government, Explanatory Memorandum, page 80

*the things we've done is we've done an estimate of that. We know how many people who have those kinds of respiratory illnesses there are in Wales, for example; we broadly know where they are, and so on. We've done an estimate of that, and then we'll underpin that when we put the regulations in place. A lot of what we're doing here is trying to get the data necessary to get a better cost-benefit analysis.”<sup>44</sup>*

**34.** The Committee asked the Minister about the mechanisms for collecting and monitoring data and sharing it across government departments. She said:

*“I can assure you that they are very keen to understand what the data sets look like, make them as accessible as possible across the Government, and get the most out of them as well. They have statisticians whose job it is to make sure that it's collected in the most useable way and that we present it in the most useable way. And obviously, it's in our interest to do that anyway.”<sup>45</sup>*

### **Promoting awareness**

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**35.** The RIA suggests the total cost of introducing legislation to promote awareness of air pollution over the appraisal period is around £4.6 million.

**36.** The Welsh Government estimates it would incur administrative costs in developing a delivery plan to implement the legislation and to consult, which the EM suggests could take 12 months.<sup>46</sup> In addition, the RIA allocates around £500,000 per annum for awareness raising, with the actual cost dependent on activities undertaken. The cost would begin to be incurred in the 2024–25 financial year.<sup>47</sup> The RIA says:

*“The capital and revenue allocation of this amount would vary and be dependent on the nature of the action taken, which will be determined following engagement with stakeholders. This cost would be recurrent and incurred following commencement which will be 2 months after Royal Assent, so the cost would begin to be incurred in the 2024 – 2025 financial year. For the purpose of the RIA, we have used the*

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<sup>44</sup> Finance Committee, RoP, 26 April 2023, paragraph 63

<sup>45</sup> Finance Committee, RoP, 26 April 2023, paragraph 47

<sup>46</sup> Welsh Government, Explanatory Memorandum, page 95

<sup>47</sup> Welsh Government, Explanatory Memorandum, page 95

*upper estimate of 500k to give us maximum flexibility when designing actions to take with stakeholders.”<sup>48</sup>*

**37.** The Minister said there are “two big action categories”, she described:

*“...a big digital communications campaign, and we're also doing a lot of support for local initiatives in areas where we know that people need support for that. We're also really keen to support Clean Air Day and to develop a whole series of digital and physical resources to support local authorities, third sector organisations, schools, and other delivery partners to deliver those initiatives so that people do become aware of what we're doing, and the delivery plan for this Bill will include a large part of that.”<sup>49</sup>*

## Committee view

**38.** The Bill provides a framework for setting national air quality targets and, as such, we heard from the Minister that some of the cost estimates associated with the aspirations of the Bill will depend on what targets are set in subsequent regulations. Nonetheless, we are pleased that work will continue to be undertaken with stakeholders as the Bill progresses to develop a better understanding of what various targets might mean in terms of costs. The Committee would not expect these costs to change significantly, and we note the Minister’s view that she does “not expect them to change out of all proportion”.

**39.** However, we are disappointed with the lack of data available to undertake some of the cost-benefit analysis within the RIA. We note the impact that COVID has had on this data, given that travel patterns were “skewed” during the pandemic. We also recognise the importance of the data collection and monitoring provision in the Bill which will be used to set targets. Furthermore, we recognise the Minister's emphasis on data and the importance that has in the Bill's success and that data will be shared across government. The Minister says the duty to collect data is one of the most important parts of the Bill, it is therefore equally important the Welsh Government allocates the correct resources to the activities in this area.

**40.** The RIA sets out information on the significant costs of high levels of particulate matter. Considering this, it is regrettable that no cost savings or

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<sup>48</sup> Welsh Government, Explanatory Memorandum, page 94

<sup>49</sup> Finance Committee, RoP, 26 April 2023, paragraph 73

monetised benefits are identified in the RIA. While we accept this is a complex area, this would have helped the Committee and others to understand the extent of the impact of the Bill. Nonetheless, we are encouraged by the Minister's assurances that further work is being undertaken to understand the burden of air quality control on public authorities. Whilst we accept that a reduction in air pollution will have significant benefits for public health and the environment, again we expect the EM accompanying future regulations to evidence the various options considered and provide some indication of the potential scale of the change.

**41.** The RIA notes that regulations made under this Bill, and associated with setting air quality targets, will be subject to the affirmative procedure. During scrutiny the Minister said she was "very happy" for regulations to be made by the super-affirmative procedure. In order, to ensure that sufficient opportunities are provided for the Committee and others to scrutinise the financial implications of any regulations made under this Bill, we seek clarification from the Minister regarding the nature of any proposed procedure, an explanation of how the procedure would work in practice, including associated timescales.

**Recommendation 1.** The Committee recommends that the Minister:

- provides further details regarding any enhanced procedural control proposed in relation to regulations made under this Bill and
- ensures that sufficient opportunities will be provided for Senedd Committees and other stakeholders to scrutinise the financial implications of any such regulations.

**42.** We also reiterate previous recommendations made in our reports on the Health Service Procurement (Wales) Bill and the Environmental Protection (Single-use Plastics Products) (Wales) Bill that the Welsh Government provides full and robust RIAs for any regulations made as a result of this Bill and that sufficient time is provided to allow the Senedd to consider any related financial implications that will arise.

**Recommendation 2.** The Committee recommends that the Welsh Government provides a full and robust Regulatory Impact Assessment for any regulations made as a result of this Bill and that sufficient time is provided to allow the Senedd to consider any related financial implications that will arise.

**43.** The Committee notes with interest the potential Barnett consequential that the Welsh Government may receive in relation to the proposals in England to

fund additional PM<sub>2.5</sub> monitoring duties. We accept that Barnett consequentialia are not necessarily ring-fenced for specific purposes, however, we call on the Minister to provide the Committee with an update as soon as further information is available from the Department for Environment, Food and Rural Affairs.

**Recommendation 3.** The Committee recommends that the Minister updates the Committee, at the earliest opportunity, on the possibility of the Welsh Government receiving a Barnett consequential in relation to the proposals in England to fund additional PM<sub>2.5</sub> monitoring duties.

**44.** The largest area of cost associated with this Bill relates to air quality monitoring capabilities. The RIA provides a range of costs for this activity. The Committee heard that future targets for additional pollutants could increase estimated indicative capital purchase and installation costs.

**Recommendation 4.** The Committee recommends that the Minister provides further information on the cost relating to the air quality monitoring capabilities, including the circumstances that may lead to the higher cost in this range being incurred and the likelihood of this occurring.

## 4. Other aspects of the Bill

### National Air Quality Strategy and regulations

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**45.** The Environment Act 1995<sup>50</sup> (the 1995 Act) requires the Welsh Ministers to publish a National Air Quality Strategy and established the system for the designation of Air Quality Management Areas (AQMAs). Section 87 of the 1995 Act contains general provisions that apply to regulations that are made for the purposes of Part IV of that Act, including around consultation.<sup>51</sup>

**46.** The EM states that this section is no longer reflective of best practice in relation to consultation and that it is therefore appropriate to formally strengthen the consultation requirements.<sup>52</sup>

**47.** The Minister said “the current legislation requires us to consult a specific list of people before modifying the strategy, and that does not include the public”<sup>53</sup>. However, it is part of the Welsh Government’s existing consultation guidance that it will consult the public. Therefore, the RIA does not estimate any cost for strengthening consultation requirements, saying the Bill “formalises what would be done, in any event, as a matter of good practice”.<sup>54</sup>

**48.** With regard to the impact of future air quality polices on local authorities, the Minister said “it depends”, adding:

*“...future policy for air quality might have a direct impact on a local authority, or it might not. It depends where they are, it depends what's in them, it depends what we're targeting. So, you know, it depends. Local authorities already consider air quality in making decisions. They are obliged to do so—they have to take it into account when making planning decisions and infrastructure decisions.”<sup>55</sup>*

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<sup>50</sup> [Environment Act 1995](#)

<sup>51</sup> Welsh Government, Explanatory Memorandum, page 102

<sup>52</sup> Welsh Government, Explanatory Memorandum, page 30

<sup>53</sup> Finance Committee, RoP, 26 April 2023, paragraph 87

<sup>54</sup> Welsh Government, Explanatory Memorandum, page 104

<sup>55</sup> Finance Committee, RoP, 26 April 2023, paragraph 92

**49.** However, she confirmed the Welsh Government would be “under an obligation to consult” with local authorities on any new duties that may be placed on them and that the Welsh Government would “fully fund it”.<sup>56</sup>

### **Local Air Quality Management (LAQM)**

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**50.** The RIA allocates £1 million a year for a Local Air Quality Management Support Fund from 2024-25.<sup>57</sup> The RIA states:

*“...we have launched a Local Air Quality Management Support Fund which we have tested through a two-phase pilot scheme to identify benefits and potential issues. The first phase was run between October 2021 and March 2022 which funded a wide range of air quality projects worth £355k across three local authorities. A second phase was run between October 2022 and March 2023 which, at the time of writing, will fund projects worth £100k.”<sup>58</sup>*

**51.** The Committee asked how the Minister had estimated the potential costs and resources local authorities might incur. The Minister confirmed:

*“...the way we've done this is we've asked local authorities directly for their costs, and we've used costs outlined in the local authority air quality action plans, and we've used bids submitted to pilot phases of the local air quality management support fund.”<sup>59</sup>*

**52.** The Minister said the fund will invite bids that “meet the criteria that we've set out”, relating to “prevention, mitigation, innovation”. The Minister went on to describe “action that seeks to improve air quality, action that seeks to put an air quality management area in place, and action that uses innovative methods or technologies to improve air quality”<sup>60</sup>. She continued:

*“We've got an ongoing budget of £1 million, which is enough, given the cycle that we're looking at, and we're pretty clear that that's enough, and that's because (a) not all local authorities have them, and (b) they're not all on the same cycle. So, that's*

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<sup>56</sup> Finance Committee, RoP, 26 April 2023, paragraphs 92 – 93

<sup>57</sup> Welsh Government, Explanatory Memorandum, page 113

<sup>58</sup> Welsh Government, Explanatory Memorandum, page 113

<sup>59</sup> Finance Committee, RoP, 26 April 2023, paragraph 108

<sup>60</sup> Finance Committee, RoP, 26 April 2023, paragraph 109



*how it's being done. They can apply if they've published their most recent annual progress report.”<sup>61</sup>*

## Smoke control areas

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**53.** The smoke control provisions in the Bill intend to make it easier for local authorities to tackle instances of smoke emissions in smoke control areas ('SCAs') in order to reduce air pollution. The Welsh Government intends to achieve this through amendments to the Clean Air Act 1993 ('CAA 1993').<sup>62</sup>

**54.** The costs in the RIA of enforcement action in smoke control areas is linked to the four local authorities that currently have SCAs. The Committee asked if there is any expectation that the Bill will encourage any of the other local authorities to implement SCAs. The Minister said:

*“We hope that it will encourage local authorities to take a much more holistic approach to tackling poor air quality in their area, including consideration of smoke control areas, but we've based the calculations in the Bill around existing smoke control areas and anticipated costings for the four local authorities that are currently affected. If you wanted to make a new smoke control area, then the current provisions of the Clean Air Act 1993 would support that. Local authorities already support the cost of remedial measures needed to help achieve compliance, so 70 per cent of any expense is covered by that, John, so that's the existing mechanism.”<sup>63</sup>*

**55.** Given that only 70 per cent will be funded, the Minister said it may “not be something” local authorities “want to do”.<sup>64</sup> Instead, she said that SCA are “just one of the things that we hope local authorities will do” and that it is not necessarily the “right solution for all local authorities; some local authorities will go down an awareness-raising path, providing guidance of best practice”.<sup>65</sup>

## Trunk road charging schemes

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**56.** The Bill expands circumstances in which the Welsh Ministers may create trunk road charging schemes by amending the Transport Act 2000.<sup>66</sup> The Bill

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<sup>61</sup> Finance Committee, RoP, 26 April 2023, paragraph 109

<sup>62</sup> Welsh Government, Explanatory Memorandum, page 39

<sup>63</sup> Finance Committee, RoP, 26 April 2023, paragraph 111

<sup>64</sup> Finance Committee, RoP, 26 April 2023, paragraph 117

<sup>65</sup> Finance Committee, RoP, 26 April 2023, paragraph 112

<sup>66</sup> [Transport Act 2000](#).

would amend the Act to enable the Welsh Ministers to establish a scheme on a trunk road for the “purpose of reducing or limiting air pollution in the vicinity of the trunk road” to which the scheme will apply among other things.<sup>67</sup>

**57.** The RIA says the costs of establishing road charging schemes would only arise should it be accepted that there is a case for such schemes and includes some information for schemes established in England.<sup>68</sup>

**58.** In relation to what assessment have been made of the potential costs of implementing schemes in Wales, the Minister said, “it's really difficult to calculate that, as it depends on the location and the particular scheme again”.<sup>69</sup>

**59.** The Minister said assessment of the potential schemes:

*“... at the M4 Newport junctions, John, which you'll be very familiar with—that's between junction 25 and junction 26 on the M4—and at the A470 Upper Boat to Pontypridd. So, we've just estimated that off the back of the current schemes. And then, what we'll do is we'll fully develop those costs as we go along, and we'll do that during the course of this year. So, by the time we get to the end of this Bill, we'll have a much better set of costs. In the meantime, I'm afraid the last estimates for those locations was back in August 2018, so we have those, but the committee will take a view about how reliable those are. You can see that I'm not convinced that they're that reliable myself. Those were around £20 million for the A470 and about £22 million for Newport, based on that estimate.”<sup>70</sup>*

**60.** She added that “by the time we put the regulations in, we'll have a lot more data.”<sup>71</sup>

## Soundscapes

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**61.** The Welsh Government outline that concentrations of harmful substances and airborne sound waves are both attributes of people’s local air environment,

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<sup>67</sup> Welsh Government, Explanatory Memorandum, page 46

<sup>68</sup> Welsh Government, Explanatory Memorandum, page 45 and 130

<sup>69</sup> Finance Committee, RoP, 26 April 2023, paragraph 127

<sup>70</sup> Finance Committee, RoP, 26 April 2023, paragraph 128

<sup>71</sup> Finance Committee, RoP, 26 April 2023, paragraph 129

saying local air quality and airborne noise problems and their solutions are often closely linked.<sup>72</sup>

**62.** The Bill will supplement the Welsh Ministers' duty under the Environmental Noise (Wales) Regulations 2006 to produce noise action plans for major roads, major railways and agglomerations with a broader duty for each Welsh Government to produce a comprehensive plan or strategy for noise and soundscape.<sup>73</sup>

**63.** The RIA suggests there is no additional cost to producing a comprehensive plan or strategy for noise and soundscapes, compared to the current requirements. The Minister confirmed:

*"...the current requirements are to review and update our plan in relation to certain types of noise every five years, and that's for major roads, major railways, transport and industrial noises. There is currently no statutory requirement to publish plans for any other types of sound or across Wales as a whole. But, we do have policies in place, and since 2013, we've actually chosen to include them in the overarching plan for Welsh Government that we publish every five years. So, our views, basically, don't differ very much from that. We'll have a new statutory requirement to do it, but we've been doing it anyway, so the cost involved is negligible, really; it's just presenting it slightly differently—that's our view."<sup>74</sup>*

## Committee view

**64.** In relation to the national air quality strategy we accept that the Bill formalises consultation requirements, which the Welsh Government is already undertaking. However, we are concerned that the cost impact of the air quality strategy is uncertain for public bodies. Nonetheless, we are pleased that the Minister has confirmed that local authorities will be consulted on any new duties placed on them, and that those new duties will be "fully" funded by the Welsh Government.

**65.** The Committee notes that the local air quality management support fund has been estimated, in part, through the bids submitted as part of pilot phases.

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<sup>72</sup> Welsh Government, Explanatory Memorandum, page 53

<sup>73</sup> Welsh Government, Explanatory Memorandum, page 55

<sup>74</sup> Finance Committee, RoP, 26 April 2023, paragraph 134

We note the Minister's view that the budget for this fund is sufficient given that not all local authorities will submit bids during the same funding cycle. However, we believe that further clarity could be provided in this area and request further information on the process for approving/not approving bids.

**Recommendation 5.** The Committee recommends that the Minister provides further information on the process for approving/not approving bids to the Local Air Quality Management Support Fund.

**66.** We understand that smoke control areas may be covered in the Clean Air Act 1993, but it appears that SCA are not an attractive option for local authorities given the costs involved. This is a wider point, but obviously links into the aspirations of the legislation, therefore the Committee would welcome further information on the cost impact for local authorities and others of considering and implementing SCAs.

**Recommendation 6.** The Committee recommends the Minister provides further information on the estimated cost impact on local authorities and other stakeholders of considering and implementing a Smoke Control Area.

**67.** We accept that establishing road charging schemes under the Bill would only arise should it be accepted there is a case for such schemes. As such the costs will be included alongside subsequent regulations, if any are brought forward. We reiterate recommendation 2, in this report, in relation to a full and robust RIA accompanying the subordinate legislation.

**68.** Finally, with the soundscapes provisions, we note there is no additional cost to producing a comprehensive plan or strategy for noise and soundscapes, compared to the current requirements.