



Department  
for Environment  
Food & Rural Affairs

# Strategy for the Fourth Round of Climate Adaptation Reporting

Consultation

February 2022

We are the Department for Environment, Food and Rural Affairs. We're responsible for improving and protecting the environment, growing the green economy, sustaining thriving rural communities and supporting our world-class food, farming and fishing industries.

We work closely with our 33 agencies and arm's length bodies on our ambition to make our air purer, our water cleaner, our land greener and our food more sustainable. Our mission is to restore and enhance the environment for the next generation, and to leave the environment in a better state than we found it.



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# Foreword

This government is committed to taking clear and decisive action to ensure our country is resilient to the impacts of a changing climate, at the same time as we take action to limit further global warming. We are leading the field internationally, as one of the first nations to enshrine climate adaptation into law in the Climate Change Act 2008. We are investing a record £5.2 billion in flood defences. We are changing building regulations to make new homes resilient. The landmark Environment Act<sup>1</sup> sets legally binding targets on water quality and availability, and requirements to reduce the impact of storm overflows. Three successive rounds of climate adaptation reporting have driven action to improve the readiness of our infrastructure sectors for climate change, and embed climate risk management into their work. We are grateful to everyone who has reported to date.

We will build on this record through our third statutory National Adaptation Programme to be published this year. It will set out responses to all 61 risks and opportunities in the latest UK Climate Change Risk Assessment, as well as the strategy for the fourth round of climate adaptation reporting under the Adaptation Reporting Power – the subject of this consultation.

The imperative for action continues to grow. The July 2022 heatwave saw temperatures exceeding 40 degrees, which is virtually impossible without human-induced climate change, and England declared its first ever national heatwave emergency. February 2020 was the wettest February on record. Storm Ciara saw a month's worth of rain fall across parts of West Yorkshire in just 18 hours, leading to widespread flooding. The number of wildfires in the UK is increasing.

The UK has committed to reducing economy-wide greenhouse gas emissions by at least 68% by 2030, compared to 1990 levels, and to reach net zero by 2050. However, further climate change is inevitable, even if we succeed in limiting warming to 1.5 degrees, in line with our global commitments. By 2050, hot summers could happen every other year. By 2070, severe winter rainfall events are expected to increase by up to 25%. Wildfires could be 5 times more likely by 2100 due to increases in high temperatures and low summer rainfall. The risks these changes pose will increase as the planet warms, placing strain on infrastructure and health systems in the UK, our natural environment, global supply chains and food systems.

There is a strong economic case for taking action to adapt to the climate change that is already locked in, as well as continuing to limit our emissions to minimise further changes. With current policies, the total UK cost of climate damage could increase from 1.1% of

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<sup>1</sup> [Environment Act 2021 \(legislation.gov.uk\)](https://www.legislation.gov.uk) [Environment Act 2021 \(legislation.gov.uk\)](https://www.legislation.gov.uk)

gross domestic product (GDP) currently to 3.3% by 2050 and at least 7.4% by 2100.<sup>2</sup> Further adaptation could reduce these costs by more than 50% and lead to net positive outcomes for public budgets.<sup>3</sup> Many early adaptation actions represent good value for money: £1 invested in adaptation could result in £2 to £10 in net economic benefits.<sup>4</sup>

So while we accelerate efforts to end our contribution to climate change, we need to continue taking robust action to ensure the country is prepared to face the challenges it brings. We must anticipate, plan and act now to reduce the impact on all sectors of the economy, society and the environment, building on the progress we have already made.

But not all adaptation action can be taken by government. There is an important role for regulators and large organisations in sectors like energy, water, transport, health, finance and the natural environment. Adaptation reporting supports organisations like these to integrate effective climate risk management into their operations, as well as providing government with important information and insights into the climate preparedness of those sectors. Local authorities and others also play their part in delivering climate adaptation action at the local level.

This consultation seeks views on ways we can improve the reporting arrangements provided for under the Climate Change Act 2008, to ensure we get the right information, at the right time, in a way that is useful and meaningful for both government and those organisations that take part. So please act with the urgency climate change adaptation demands, review our proposed approach to the strategy for the fourth round of adaptation reporting and let us know if there is anything you think we've missed. We in Government will provide the support, but we cannot successfully prepare for future impacts of climate change without you.

Trudy Harrison

**Parliamentary Under Secretary of State for Environment, Food and Rural Affairs**

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<sup>2</sup> [LSE, 2022](#).

<sup>3</sup> Preinfelk, E et al. (2021). How does adaptation affect the public finances? In COACCH Policy Brief, September 2021.

<sup>4</sup> Climate Change Committee (2021). Watkiss, P. and Brown, K.A (2021).

# Introduction

## Purpose of the consultation

To seek views on the strategy for the fourth round of reporting under the Adaptation Reporting Power, to be laid before Parliament in 2023.

## What are we proposing?

The Adaptation Reporting Power was introduced under the Climate Change Act 2008 (“the CCA 2008”). It provides for infrastructure operators and public bodies to report on how they are addressing current and future climate impacts. Under the five yearly cycle of the CCA 2008, the government is required to set out and consult on its strategy for reporting. This strategy is required to be laid in Parliament alongside the National Adaptation Programme (NAP).

In the fourth round of reporting the government is proposing to make changes to the timing of the reporting cycle, improving the alignment of adaptation reporting with other elements of the associated statutory framework for climate change adaptation. To achieve this, the closing date for the next cycle of reporting would need to be brought forward to late 2024 (from 2026). After which point, reporting would return to its 5-yearly cycle. This change means that adaptation reports can be used in the government’s Climate Change Risk Assessments and National Adaptation Programmes more effectively in future.

In recognition of the fact that this change means that the reporting window for round four will be shorter than in previous rounds, we are proposing to keep most other elements of the reporting strategy broadly consistent with round three. A more comprehensive review of adaptation reporting will be undertaken in advance of round five to ensure the process remains fit for purpose in driving action on adaptation and informing government on the climate change preparedness of infrastructure sectors over the longer term.

## Responding to the consultation

A wide range of stakeholders have a role in helping us to develop the final strategy for the fourth round of climate adaptation reporting. This consultation starts on 22 February 2023 and closes on 5 April 2023. We strongly encourage responses via an online survey on Citizen Space, an online consultation tool. Consultations receive a high level of interest across many sectors and using the online tool assists our analysis of responses, enabling more efficient and effective consideration of issues. However, responses can be sent by email or post. In your response please state:

- Your name

- Your email address
- Your organisation (if applicable)
- Whether you would like your response to be confidential (if yes, please state your reasons)

Enquiries and responses should be directed:

- By email to [climate@defra.gov.uk](mailto:climate@defra.gov.uk) including whether you need a hard copy of the consultation.
- In writing to the Consultation Coordinator, Defra, 2nd Floor, Foss House, Kings Pool, 1-2 Peasholme Green, York, YO1 7PX.

This consultation is being conducted in line with the Cabinet Office “Consultation Principles”. If you have any comments or complaints about the consultation process, please address them by email to: [consultation.coordinator@defra.gov.uk](mailto:consultation.coordinator@defra.gov.uk) or by post to the Consultation Coordinator (as above).

## After the consultation

When this consultation ends, we will summarise the responses and place this summary on our website at: <http://www.gov.uk/defra>. This summary will include a list of organisations that responded but not personal names, addresses or other contact details.

We will use the consultation responses to inform the final published strategy for the fourth round of adaptation reporting, to be published alongside the National Adaptation Programme in 2023.

Copies of responses will be made available to the public on request. If you do not want your response to be publicly available, please say so clearly in writing when you send your response to the consultation. Please explain why you need to keep details confidential. We will take your reasons into account if someone asks for this information under Freedom of Information legislation. But, because of the law, we cannot promise that we will always be able to keep those details confidential. Please note, if your computer automatically includes a confidentiality disclaimer, this will not count as a confidentiality request.



# Consultation

## Background

The CCA 2008 gives the Secretary of State the power to direct reporting organisations (those with functions of a public nature or statutory undertakers) to produce reports detailing:

- the current and future projected impacts of climate change on their organisation;
- proposals for adapting to climate change; and,
- an assessment of progress towards implementing the policies and proposals set out in previous reports.

This is known as the Adaptation Reporting Power. The Adaptation Reporting Power was introduced to help ensure reporting organisations are taking appropriate action to adapt to the future impacts of climate change. It helps do this both directly, by engaging organisations in reporting, and indirectly, by raising awareness, building capacity in organisations, and making examples of good practice publicly available.

Under the CCA 2008, the government's proposed approach or strategy for exercising the Adaptation Reporting Power (ARP) should be subject to consultation with relevant parties.

**The strategy for the fourth round of ARP will, following consultation, constitute the “report on exercise of power to give directions” required under section 65 of the CCA 2008.**

## Summary of previous rounds

Since the CCA 2008 came into force, the adaptation reporting process has been through three cycles. Reporting by sectors such as water and energy is now relatively mature, with a significant proportion of organisations having reported in all three rounds, whereas other sectors, such as the financial services authorities, reported for the first time in 2021.

In 2009, the Secretary of State laid before Parliament a strategy for exercising this power for the first time. The strategy focused on major infrastructure providers from the energy, transport and water sectors and 91 organisations were directed to report. A number of other organisations were invited to submit reports. Statutory guidance was published to guide reporting organisations on the content of their submissions and a formal evaluation of reports was carried out. In total, 105 organisations took part.

The second cycle of adaptation reporting started in 2013, when the government laid before Parliament its second strategy. This strategy set out a voluntary, light touch and flexible approach to reporting, which was supported by stakeholders who responded to the

consultation. Organisations that had reported before were invited to submit 'progress update' reports, and seven additional organisations reported for the first time. This, in contrast to the first cycle of reporting, was a 'bottom-up' approach to reporting and no formal guidance was offered to reporting organisations. In total, 86 organisations took part.

The third round of adaptation reporting built on the voluntary approach developed for the second round. The strategy for reporting was published alongside the second National Adaptation Programme in 2018, and the reporting cycle closed at the end of December 2021. The scope of eligible organisations was widened slightly compared to the second round, and some additional guidance was provided to support the work of reporting organisations. Over 120 organisations took part in total (see Annex B for the list). Reports came in from across the water, energy, transport, marine, financial, heritage, health and environmental sectors and can be viewed online.<sup>5</sup>

We are now consulting on our proposed strategy for the fourth round of the Adaptation Reporting Power. The final strategy will be laid before Parliament alongside the UK's third National Adaptation Programme in mid-2023.

## Evaluation of the third round of adaptation reporting

At the conclusion of the third cycle of adaptation reporting, government commissioned the Climate Change Committee ("the CCC") to evaluate it. They were asked to consider the strengths and weaknesses of the process using a framework of six themes, each with an overarching evaluation question:

### **Maximising the effectiveness of the statutory framework**

How well has the third round of ARP reporting supported effective delivery of the statutory framework for climate adaptation?

### **Integrating climate risk management**

How well has this round supported the ongoing integration of climate risk management into infrastructure delivery?

### **Evidence of climate change preparedness**

In what ways and to what extent has this round of reporting improved our understanding of the level of preparedness of key sectors for climate change?

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<sup>5</sup> [Climate change adaptation reporting: third round reports - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/collections/climate-change-adaptation-reporting-third-round-reports)

## **Principles of ARP**

How well has this round of reporting delivered on the principles set out for it in the round three strategy?

## **Evolution of reporting**

What changes can be observed in organisations' approaches to reporting across the three rounds to date, and the coverage achieved?

## **Other policy insights**

What (if any) insights can we gather from ARP reports in relation to the government's wider environmental agenda?

As a part of the evaluation the CCC held workshops with organisations that reported in the third round to gather their views on the process.

## **Findings**

Overall, the evaluation found that the reporting round had met its objectives and the quality of reporting had improved since round two. Further findings are set out below.

### **Timing of adaptation reporting**

The evaluation found that an important purpose of adaptation reporting is to help inform both the UK Climate Change Risk Assessment (CCRA) and the National Adaptation Programme (NAP). ARP reports provide extensive information on the preparedness of key sectors for climate change and the progress being made in implementing adaptation plans that is not available elsewhere. However, the current timing of the ARP, CCRA and NAP cycles are not well aligned, limiting the utility of the third round of ARP. Less than 5% of ARP reports in round three were received in time to inform the third UK Climate Change Risk Assessment.

### **Integration of climate risk management**

It also found that climate risk management is becoming a leadership priority in reporting organisations, but there are significant opportunities for further integration into operations. Many reports demonstrated that climate risks are routinely assessed as part of wider organisational risk management practices and that climate resilience features in strategic goals and objectives. There was good evidence of senior ownership of ARP reporting in organisations in all sectors. More than half (54%) of the CCC's workshop participants described climate risk management as a priority issue at top leadership level. Only 5% felt that it was not a priority issue at the time. However only 15% of participants felt it had been a significant driver of action. Most (69%) participants agreed it had at least had some impact but 15% of participants felt that ARP has had no obvious impact in driving adaptation action.

## **Evidence of climate change preparedness**

The CCC's view was that overall, the evidence of climate change preparedness has improved since the second ARP round, but there are areas where more could be done across reporting sectors to prepare better for climate change.

Report quality in round three had improved relative to the previous round, indicating that there is evidence of increasing standards over time. However, inconsistencies in report quality across sectors and organisations remained. Sectors with greater regulation on adaptation are typically those producing higher quality ARP reports – notably the water, road and rail sectors.

Most risk assessments were based on the latest UK Climate Projections, UKCP18, and many considered a range of future warming scenarios and timeframes.

Almost all risk assessments covered the risks requested by Defra in the ARP3 strategy, though organisations have mostly used their own framing and categorisation of risks rather than the CCRA risk categories. There was good evidence of organisations linking adaptation actions to risks, but significant variation in the presentation of adaptation plans across organisations. There were organisations across all sectors who had not provided timescales for completing actions.

There was mixed evidence of the nature of monitoring and evaluation (M&E) in place, although a number of sectors demonstrated appropriate M&E. Almost all reports provided an update on actions from round two reports and in all cases demonstrated that actions have been completed, or at least progressed. However, there was less evidence on the effectiveness of adaptation actions in reducing risk.

Climate risks from interdependencies (risks that arise from an organisation's reliance on another organisation or sector) were not being consistently incorporated into risk assessments. There was some evidence of cross-sector engagement to address interdependencies, but coordination is needed to enable reporting organisations to identify more clearly, and measure and manage these risks better.

There was evidence of regulators driving action on adaptation actions through setting targets, creating guidance, and taking steps to improve the evidence base on climate risk and adaptation.

## **Trade-offs in the system for reporting**

The CCC identified several trade-offs inherent in delivering on the principles for the third round of reporting. Some reporting organisations highlighted differing timescales of ARP and their other regulatory reporting obligations. They suggested that an alignment of the timetables would help reduce the burden and risk of duplication of effort. However, due to the nature of ARP as a cross-sectoral reporting regime, it is not possible to align ARP

reporting with all regulatory reporting timetables which differ across infrastructure subsectors.

The risks of duplication with other climate risk reporting initiatives were also highlighted. For example, many organisations reporting under ARP are also within scope of the Task Force on Climate-Related Financial Disclosures (TCFD) corporate disclosure requirements. There are several TCFD requirements which overlap to some extent with ARP requirements (see further information on TCFD below). However, reporting organisations felt there was not significant duplication of effort between the two reports, especially since TCFD-aligned reporting is annual and ARP reporting has to date been every five years. Participants did note that the information compiled annually for TCFD is in fact a helpful source to inform their ARP submission and that the introduction of TCFD reporting has improved the quality of information presented in their ARP reports. As these initiatives grow in scale, and infrastructure regulation requires more climate resilience-related information, this could create risks of duplication and a disproportionate burden to reporting organisations.

### **Information and guidance**

The accessibility and suitability of the latest UK Climate Projections (UKCP18) was raised in all workshops as a significant barrier for reporting organisations. Many found it challenging to access or interpret the interfaces to the projection data or found that the relevant variables for assessing their climate risks were not easily accessible.

The organisations that attended the workshops consistently expressed a desire for more guidance and support throughout the ARP cycle, both to reduce reporting burdens and to ensure that reports are delivering useful insights.

### **Coverage of infrastructure sectors**

The number of reports received in the third round of ARP was lower than the first round but similar to the second round, and there were gaps in submissions in some sectors. The non-reporting organisations included one airport, six port authorities, one rail operator, five organisations in the water sector, two government regulators, one financial regulator, and two heritage organisations. Not all infrastructure operators were formally invited to report, although this does not preclude organisations making a submission. This means the climate resilience of some crucial UK infrastructure is not known and we do not have a complete picture of preparedness across those sectors.

### **Other policy insights**

Around half the reports provided useful insights on the broader environmental policy issues of Net Zero, the 25-Year Environment Plan, and green finance. The CCC concluded that to seek additional information from reporting organisations on a wider set of environmental policy areas, on a systematic basis, could represent a disproportionate burden.

## Objectives for the fourth round of adaptation reporting

For round four, we are proposing that the primary of objectives for adaptation reporting should remain to:

1. support the integration of climate change risk management into the work of reporting organisations; and,
2. to build understanding of the level of preparedness of key sectors to climate change, at a sectoral and national level, and inform other parts of the government's statutory cycle for climate adaptation, including Climate Change Risk Assessments (CCRAs) and National Adaptation Programmes (NAPs).

To better support the second objective, we are proposing for round four to operate on a shorter timescale than previous years, allowing around one year for the preparation of reports, rather than approximately three years as before. As such, the closing date for the fourth cycle of reporting would need to be brought forward to late 2024 (from 2026). After which point, reporting would return to its 5-yearly cycle. This will allow adaptation reports to be included in the analysis for the CCC's independent risk advice to government, ahead of the publication of the next UK Climate Change Risk Assessment. The CCC advise that reports would need to be received in winter 2024 to enable them to be factored into the independent advice for the fourth UK Climate Change Risk Assessment.

We are proposing lighter touch reporting requirement to facilitate reporting in this reduced time frame. We do not anticipate organisations' risk profiles to have changed significantly since round three, which closed at the end of 2021.

**Similarly to round two, round four will therefore act as a supplement to the previous round of comprehensive reporting. It will focus primarily on what has changed since round three. Updates to risk assessments can be submitted where there have been significant changes, however the focus would be on progress with the actions taken in response to the risks identified in round three reports, any changes to risk governance, and any new action needed.**

In support of the above objectives, we propose that similarly to round three, the following principles for reporting should apply:

1. reporting should be proportionate, risk-based and streamlined to minimise burdens or duplications; and
2. reporting should build on previous rounds of reporting to improve report quality where appropriate, and participation.

***1. Do you agree with the objectives and principles for this round of reporting?  
Please give your reasons as necessary.***

- 2. Are there any additional objectives or principles you would want to see included?**
- 3. Would providing an update on changes since round three of reporting enable your organisation to deliver a report within a shorter time period?**
- 4. Do you have any further proposals that would help streamline and minimise the reporting burden on your organisation or sector?**

## The requirement to report

Section 62 of the CCA 2008 states that:

1. The Secretary of State may direct a reporting authority to prepare a report containing any of the following—
  - (a) an assessment of the current and predicted impact of climate change in relation to the authority's functions;
  - (b) a statement of the authority's proposals and policies for adapting to climate change in the exercise of its functions and the time-scales for introducing those proposals and policies;
  - (c) an assessment of the progress made by the authority towards implementing the proposals and policies set out in its previous reports.
2. The Secretary of State may direct two or more reporting authorities to prepare a joint report.
3. The Secretary of State may give directions about—
  - (a) the time within which a report must be prepared, and
  - (b) its content,and may, in particular, require it to cover a particular geographical area.
4. This section does not apply to devolved functions.

Section 70 states that a 'reporting authority' is 'a person or body with functions of a public nature', 'a person who is or is deemed to be a statutory undertaker' under the Town and Country Planning Act 1990 (or the relevant planning legislation in Scotland and Northern Ireland). Ministers of the Crown, the Houses of Parliament, devolved authorities and devolved legislatures are specifically excluded from the scope.

Whilst these provisions give the Secretary of State the power to allow government to mandate reporting, this has not been used since the first round of reporting. The previous two rounds have been built upon a collaborative relationship between government and industry, where eligible organisations were invited to report voluntarily.

In the third round of reporting, 109 organisations were invited to submit reports to government, and over 120 organisations took part in total (including organisations that reported as part of a sectoral grouping, and organisations within company groups). As noted above, the CCC have expressed the opinion that a mandatory approach could improve participation. A mandatory approach may drive up participation, however this alone is unlikely to drive up the quality of reporting.

The CCC has highlighted the potential benefits of making reporting mandatory in its evaluation of round three and have recommended that the next ARP cycle should be mandatory for all invited organisations. A mandatory reporting obligation could address coverage gaps and could also act as a driver of adaptation action, just as corporate environmental reporting obligations have contributed to an increased ambition and action on evaluating climate-related risk and allocation of capital to manage those risks.

A full breakdown of costs and benefits of reporting can be found below under 'Costs and benefits of reporting' (page 33). Estimated costs for new reporting bodies are between £28,520 and £70,978 while estimated costs for organisations providing progress updates are between £5,665 and £14,195.

The CCC's engagement with reporting organisations found that many would not find mandatory ARP reporting to be a significant burden, but less than half of organisations surveyed stated that mandatory reporting would raise the profile of climate risk management and adaptation planning within their organisation. A greater proportion of respondents pointed to other means of achieving this, such as formal feedback (70%) or use of a specific template (60%). The workshops involved 39 participants from 35 reporting organisations – which while demonstrating a good level of engagement, makes it difficult to draw firm conclusions.

A voluntary approach has allowed for greater flexibility in approaches between sectors, reflecting the diversity in size and capability of the organisations who report. Voluntary reporting also allows for a degree of flexibility in the nature of the organisations that can report. For example, organisations that might fall outside the scope of the legislation are still able to report voluntarily, which would not be the case with mandatory reporting. However, care needs to be taken to avoid undue scope creep from the intention of the CCA 2008's provisions. We will therefore avoid extending invitations directly to organisations deemed not to be appropriate under the terms of the CCA 2008.

The CCC highlighted gaps in coverage in certain infrastructure sectors. This means, for example, we have an incomplete picture of how resilient some strategically important transport hubs are. We will work with the relevant industry associations and operators to determine how best to encourage an uptake in reporting among these. We will work with them to determine how we can secure a proportionate response from individual operators, which both provides vital information about their resilience and supports them in their management of climate risks.



We will also seek feedback from individual non-reporting organisations to find out more about the barriers they faced to reporting in round three, and what can be done to support them to report voluntarily in round four. See 'Guidance and templates' (page 21) below for more information on what support we propose to make available in round four.

**Given the proposed changes to the reporting timeline, we are seeking feedback on whether the approach to the fourth cycle of reporting should remain voluntary or be made mandatory, and whether this should be reviewed again ahead of round five.**

***5. Should ARP reporting remain voluntary or be made mandatory in round four?  
Please give your reasons as necessary.***

***6. Should the position be reviewed again ahead of round five?***

***7. What impacts, positive or negative, could mandatory reporting have in your organisation?***

***8. What else can government do to encourage additional coverage in sectors where gaps have been identified? How should we determine proportionality in these sectors?***

## Other reporting regimes

Since the Adaptation Reporting Power was introduced through the CCA 2008, the adaptation policy landscape has changed significantly. This has included the development of a range of other climate risk reporting requirements which have the potential to overlap with reporting requirements under ARP. Most notably in recent years, this includes disclosures aligned with the recommendations of the Taskforce for Climate-related Financial Disclosures (TCFD).

In November 2020, the Chancellor of the Exchequer announced that the UK would be the first G20 country to mandate TCFD-aligned climate disclosures across significant parts of our economy. He set out a roadmap showing how the Government would do this by 2025, with the majority of these measures in place by 2023.

The Department for Business and Trade (DBAT), with ownership of the Companies Act, is responsible for implementing these measures for the largest UK registered companies and LLPs. The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 apply in respect of accounting periods starting on or after 6th April 2022.

These regulations require certain companies to report climate-related financial information in their strategic report, including a requirement for companies to undertake scenario analysis – a powerful tool to support companies in their assessment of climate-related risks and opportunities, which will support better resilience against climate risks.

## TCFD requirements which overlap with ARP

There are a number of TCFD requirements which overlap to varying extents with the scope of ARP. TCFD asks companies to:

### Risk management

- Describe the organisation's processes for identifying and assessing climate-related risks.
- Describe the organisation's processes for managing climate-related risks.
- Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.

### Metrics and targets

- Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.
- Describe the targets used by the organisation to manage climate related risks and opportunities and performance against targets.

### Governance

- Describe the Board's oversight of climate-related risks and opportunities.
- Describe management's role in assessing and managing climate-related risks and opportunities.

### Strategy

- Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.
- Describe the impact of climate related risks and opportunities on the organisations business, strategy and financial planning.
- Describe the resilience of the organisation's strategy, taking into consideration different climate related scenarios including a 2°C or lower scenario.

The global sustainability disclosures landscape continues to evolve. During 2022 the International Sustainability Standards Board (ISSB) consulted on two proposed sustainability disclosure standards, which build on the recommendations made by TCFD and would help set a global baseline for disclosure requirements.

**A key principle of ARP reporting is that it should gather the necessary information whilst minimising reporting burden and duplication. We recognise the potential for adaptation reporting to duplicate wider requirements for climate risk disclosures, now and in the future.**

However, not all ARP organisations fall within the scope of TCFD-aligned disclosure. For those that do, our current view is that TCFD-aligned disclosure does not yet provide the

full breadth and depth of information on adaptation by the sectors that ARP targets, primarily around the detailed risk assessments and action plans that ARP seeks, so there is still a valuable role for ARP. This position is also supported by reporting organisations that responded to the CCC's evaluation work, as noted in the evaluation summary above. They find that ARP helps to galvanise leadership and drive adaptation action in their organisations.

We will keep this position under review for future rounds of ARP reporting and as the sustainability disclosures landscape continues to evolve.

***9. Is your organisation subject to existing or planned UK Sustainability Disclosure Requirements or any other relevant reporting regimes? How far do these go in fulfilling the objectives of ARP in your organisation?***

***10. Are there any gaps which remain between the information provided under other reporting requirements and that of ARP? If yes, please provide details.***

***11. Could your TCFD-aligned disclosures effectively replace ARP in round four or beyond? Please give any supporting reasons.***

## **Sectoral approaches**

The third round of reporting included more consolidation into summary reports than in previous rounds. This approach was taken to streamline the reporting burden, particularly where sectors were made up of numerous small organisations. Some of the sectors highlighted as vulnerable to climate change were formed of many much smaller organisations. Government believed that including such organisations as reporting authorities would be disproportionate, and so invited umbrella organisations to report on behalf of members. Determining proportionality occurred on a case-by-case basis, and government did not define a specific threshold for proportionality. The voluntary approach taken in round three meant that there was scope for discussion with government to ensure that the reporting process was proportionate and beneficial.

The CCC has acknowledged the advantages of streamlining the reporting burden and providing sectoral systems perspectives, but has highlighted challenges where this approach has led to gaps in information for some sectors. Their view was that third round reports contained limited information on the scale of climate risks and progress in adaptation by energy generators, data centres and telecommunications companies. The CCC recommended that the approach to sectoral consolidation of reporting is reviewed ahead of the fourth round, to ensure that reporting is delivering maximum benefit for government and for reporting organisations.

In principle we support reporting by individual organisations where this is proportionate and useful. We also acknowledge the value that sectoral reporting can bring by providing

insights about a sector's overall risk profile and exposing potential vulnerabilities within interconnected systems.

**We will explore with those sectors that reported collectively in round three how they might best input to round four. This may result in establishing a proportionate request for individual reporting, or by determining ways in which the information provided at sectoral level can be suitably enhanced and updated.**

We will also work with sectoral bodies to improve consistency of individual reporting across sectors (see 'Guidance and templates' at page 21 below).

***12. Do you support a case-by-case approach to sectoral reporting, balancing the need for proportionality with the need for specific insights into the management of climate risks? Please give any supporting reasons.***

***13. Who should be asked to report in the energy generation, telecommunications and digital sectors?***

## Reporting by regulators

Four regulators submitted reports in round three, the Financial Services Authority, the Pensions Regulator, the Prudential Regulation Authority, and the water regulator OfWat. Three invited regulators did not submit a report (OfCom, OfGem and the Financial Reporting Council).

The regulators' reports typically present a summary view of climate risks to their sector and information on the actions the regulator is taking to drive action on adaptation in the sector. There is evidence of regulators driving action on adaptation actions through setting targets, creating guidance and taking steps to improve the evidence base on climate risk and adaptation. They also presented insights on the progress being made in their sectors and the aspects they are finding challenging. This approach is appropriate for the nature of their remit and operations.

The CCC recommended that we consider whether reports by regulators should follow a different format to those by infrastructure operators, in recognition of their roles in oversight and assurance, rather than infrastructure delivery. A detailed risk assessment and programme of adaptation measures is typically not relevant, as the regulators don't own or manage the assets themselves, and this information is already provided by the sector reports. CCC advise that nevertheless, there is still value in requiring regulators to report on how they are driving and monitoring progress on adaptation in their sectors.

**We agree that insights by regulators play an important role in building the picture of climate resilience across the regulated industries and reports should continue to be invited from them. We will invite all those regulators that have previously been**

invited and review those that were previously excluded from scope to determine whether this remains appropriate.

*14. How can reporting by regulators best reflect their important oversight role?*

*15. Which regulators should be invited to report in round four?*

## Reporting on interdependencies and cascading risks

The CCC's June 2021 Advice Report to Government stated that interacting risks pose one of the biggest challenges when assessing climate risks. System resilience to climate change goes beyond individual risks and opportunities. All infrastructure sectors are connected, meaning that vulnerabilities on one network can cause problems for others, and impacts can 'cascade' beyond the primary infrastructure asset, affecting the economy, health and wellbeing. Given the wide-ranging nature of the linkages within and across sectors, a full understanding of the impacts of cascading failures is difficult to ascertain and in the CCC's view the vulnerability of interconnected systems may be significantly underestimated.

Adaptation reporting has the potential to be an important lever in helping to address interdependencies and the potential of 'cascading failures', both by helping organisations to consider their own interdependency risks and by informing the national Climate Change Risk Assessment.

**We propose that in round four, reporting organisations should explain their approach to identifying and managing interdependency risks. All reporting organisations should also include interdependency risks in their detailed risk assessment, including by applying a risk score and allocating specific actions in their adaptation plan to address those risks.**

*16. Would your organisation be able to report on interdependent and cascading risks? Please give any supporting reasons.*

*17. Would a requirement to report on the detail of interdependent risks help to drive progress in assessing and managing these? Please give any supporting reasons.*

*18. How can government encourage cross-sector working and collaboration on interdependencies as part of the adaptation reporting process?*

## Guidance and templates

In previous rounds of adaptation reporting government has produced a range of guidance materials to support reporting organisations. In the third round, Defra produced a template

and frequently asked questions document which set out the key components required in reports. Organisations were given flexibility on how they wished to structure their reports and were not obliged to report in the exact format of the template. Feedback from reporting organisations has shown that the template was generally found to be useful in highlighting the key areas that reports should cover.

The CCC's evaluation of third round adaptation reporting suggested that government should produce more detailed guidance for reporting organisations in future. This would help to support reporting organisations and improve the quality of information in key areas, including on the interdependencies between risks and between sectors. Reporting organisations that participated in the CCC's evaluation workshops were broadly supportive of additional government guidance. We are supportive of the CCC's recommendation to develop further guidance and reporting templates, though we note the need to retain flexibility for reporting organisations.

**We propose to develop a template to facilitate reporting in the fourth round, balancing the need for reports to cover key areas whilst minimising reporting burden, given the shorter reporting window that we are proposing.**

This template will cover the key tenets of reporting:

1. Information about an organisation's corporate governance.
2. A climate change risk assessment (noting that the risk landscape may not have changed in the last few years for organisations who reported in round three).
3. An action plan setting out measures to address the risks identified.

**We propose that, as in the third round, organisations should not be compelled to report in the format of this template but instead that it should serve as a general guide for content of adaptation reports.**

We will work with sectoral bodies to test the content of templates and enable approaches that work best for different sectors where relevant.

***19. Would reporting templates be helpful for your organisation? Please give any supporting reasons.***

***20. Do you agree that following the template should be voluntary? Please give any supporting reasons.***

***21. What supporting guidance would be useful to minimise reporting burdens and ensure that reports are generating useful insights?***

## **Evidence and risk assessment**

Another important element of the guidance provided to reporting organisations relates to the evidence that should be used to underpin the organisation's risk assessments. To date organisations have been given flexibility on the future climate models and emissions

scenarios that they use as part of their risk assessments. This system has worked well because of the wide range of organisations and needs represented.

There is an argument that pursuing greater standardisation of reporting would aid comparability between reports and support the CCC's national risk assessment work, as well as supporting the assessment of interdependencies between organisations. Our view is that the merits of this approach are outweighed by the loss of flexibility for reporting organisations to choose risk assessment approaches that best fit their own circumstances. The primary objective of adaptation reporting remains the support of organisations' own risk management work and so the flexibility in the current system is highly valued. We propose that this approach should be retained in the fourth round.

We also acknowledge that the risk landscape is not likely to have changed much since third round reports were submitted.

**Given the compressed timeline we are proposing for fourth round reporting and the need to minimise reporting burden, we propose that organisations who submitted reports in the third round should not have to complete another detailed risk assessment in round four.**

These organisations will be able to submit updates on their risk assessments if appropriate, but the primary focus of reporting should be on progress updates to the action plans set out in response to the round three risk assessments, as well as any updates on how their corporate governance processes are set up to manage climate risk. For organisations that did not report in the third round, we will ask for a full climate change risk assessment equivalent to that required in third round reports, based on the template described above.

***22. Should government pursue a standardised approach to risk assessment, including by mandating the use of specific climate scenarios? How would this affect your ability to respond, and to assess risk according to your organisation's specific circumstances?***

***23. Do you agree that organisations that reported in the third round should not be required to submit full risk assessments in round four, and that reports should instead focus on updates to actions taken in response to risks? Please give any supporting reasons.***

## Scope

The government will invite all those who reported in previous rounds to provide an update report in round four. Some new organisations may also be asked to report, particularly where the CCC has identified gaps in the current system, but as for existing organisations, we will seek to make this reporting as light touch as possible, with appropriate guidance.

Based on recommendations by the CCC, we are prioritising the following sectors for targeted scope expansion in the next round of reporting. For all these sectors, there is a

balance to be struck between proportionality and recognition of the pros and cons of sectoral overview reporting, as well as whether organisations fall within the scope of the legal definition for the use of the Adaptation Reporting Power. This will affect the choice of organisations that may ultimately be invited to report. As noted above, we will not invite organisations deemed to be outside of the scope of the legal definition to report. As in previous rounds, we will take a case-by-case approach to determining proportionality, as what is appropriate for one sector may not make sense for another.

### **Health and social care**

The NHS and UK Health Security Agency (UKHSA) currently submit a joint report every five years outlining the state of adaptation in the health and social care sector. However, the CCC think additional coverage would help drive adaptation and provide valuable information about the climate readiness in the sector. We are exploring whether expanding reporting would be a valuable way to drive the sector's adaptation work. The Health and Care Act 2022 places clear duties on NHS Trusts, Integrated Care Boards and NHS England to have regard to the government's climate and environmental ambitions, including on climate change adaptation, in the exercise of their functions. This may be sufficient in driving an increased focus on adaptation without expanding ARP reporting. However, we could expand the ARP to encourage NHS Trusts or Integrated Care Systems to report on the state of adaptation in their facilities. This would increase understanding of the state of adaptation at the local level.

There is little reporting on adaptation in the social care sector. The Care Quality Commission (CQC) covers emergency preparedness for environmental hazards in their regulatory framework and will continue to do so as they implement their Single Assessment Framework. This means that all health and care providers need to plan for flooding and extreme temperatures, for example, in order to contribute to a positive CQC assessment. However, we will explore expanding ARP to include social care providers. This information would support us to understand and intervene where vulnerable populations may be exposed to extreme weather. We will also seek to pilot reporting by Local Authorities, who have responsibilities for social care provision – please see 'Local government' (page 26) below for more information on the proposals for Local Authorities.

### **Canals and reservoirs**

There was limited information on canals and reservoirs in the round three reports and CCC have recommended additional reporting on these. Water companies already report on their reservoirs. The gap is infrastructure associated with navigation, for which there are around 30 navigation authorities. We are exploring the potential of inviting the Canal and River Trust (CRT) to submit a report. Out of the 30 navigation authorities, CRT is the largest, followed by the Environment Agency (EA) and Broads Authority (both of which have their own unique set of climate risks). We have considered inviting the Broads Authority (BA), which is the third largest authority, however due to the BA's smaller size, number of relevant assets, and the burden it would create, we do not believe this would be



proportionate at this time. Therefore, we consider smaller navigation authorities than the BA also out of scope.

The CRT is a registered charity that receives grant funding from government to care for a 2000-mile network of canals, rivers, reservoirs and docks. They form an important 'green-blue ribbon' that connects hundreds of wildlife habitats and enables people to get closer to nature and heritage. They are unique in that they are also the third largest owner of heritage sights, with their network including 2,980 bridges, 1,580 locks and 335 aqueducts. The CRT is already working with National Trust and English Heritage to explore how to understand and present climate hazards within heritage infrastructure. The CRT grant review process required them to include climate adaptation in their management plans, and we will explore how ARP reporting could further support their management of climate risks and impacts on the network.

The EA, as another major operator of canals and reservoirs, already report, though we will consider asking for more specific information on these functions. Other owners and operators are generally small organisations or individuals and inviting them to report is unlikely to be proportionate.

## **Landowners**

Some major landowners, such as English Heritage, Natural England and the Forestry Commission, already report. Others, such as the National Trust, have expressed an interest in doing so, which we will pursue in round four. We are exploring further organisations within the scope of the legal power whom we could invite to report. Land managers, as distinct from landowners, are likely to be the main area of focus here. Government department landowners such as the Ministry of Defence are out of scope of the legal power.

## **Agriculture and food supply chains**

The Covid 19 pandemic underlined the importance of resilient food supply chains, and we agree that in principle there could be value in seeking reports from organisations that play a role in getting food from field to fork. It is, however, difficult to identify relevant organisations that fall within the scope of the legal power here, but we are exploring options.

We intend to invite ADA (the Association of Drainage Authorities) to report on behalf of its Internal Drainage Board members, given their important role and long history of representing Internal Drainage Boards (IDBs). IDBs are the small public bodies that manage water levels in an area, known as an internal drainage district, where there is a special need for drainage. They undertake works to reduce flood risk to people and property, and manage water levels for agricultural and environmental needs within their district, however given their size it would be disproportionate to seek individual reports from them all. We will explore how the current individual reporting systems to Defra from

each IDB could be enhanced to facilitate collection of the necessary information for ARP reporting by ADA.

The approach to all these sectors will be reviewed ahead of the fifth round of reporting.

***24. Have we selected the right areas to prioritise for targeted scope expansion in the fourth round of reporting?***

***25. How would a reporting pilot be received in your sector?***

***26. Which organisations should be invited to report and how should we determine proportionality in these sectors?***

***27. Would your organisation be willing to take part in a pilot in round 4 of the ARP?***

## Local government

The CCC has also recommended including Local Authorities in the scope of adaptation reporting, in view of their responsibilities for local transport, planning and local resilience in particular, although their remits extend beyond these into many areas that will be impacted by the changing climate.

Local Authorities 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.

The strategy for the third round of reporting excluded Local Authorities on the grounds that they already have a wide range of responsibilities to effectively manage climate risks, and duties to report. These responsibilities have not changed significantly since the previous round of reporting, and some new measures have been introduced. They vary depending on which tier of local government has the relevant duties (i.e. whether they are upper or lower tier, unitary or combined authorities) and include, for example:

- The requirement on Lead Planning Authorities to take account of adaptation, in the Planning and Compulsory Purchase Act 2004 (as amended). This requires that development plans must include 'policies designed to secure that the development and use of land in the local planning authority's area contribute to the mitigation of, and adaptation to, climate change'. This requirement is well covered in planning practice guidance on climate change. Lead Planning Authorities are required to consult on and publish their local plans.
- The role of Local Authorities in ensuring the resilience of new buildings and development to future risks, and monitoring building fabric resilience, through building regulations.

- The requirement in the Flood and Water Management Act 2010 for Lead Local Flood authorities to consult and produce a local flood risk management strategy. They must also produce and publish flood investigation reports where they deem it necessary and appropriate, which examine the causes of flooding incidents as well as the role of any relevant risk management authority.
- The role of local councils as category one responders under the Civil Contingencies Act 2004, which requires them to prepare and plan for emergencies, including those linked to climate impacts such as flooding, water scarcity, and extreme heat, in partnership with other local responders (police, fire and ambulance services, utilities and the Environment Agency). Category one responders have a statutory duty to publish their emergency plans. Most local resilience forum areas maintain multi-agency plans (including multi-agency flood plans where flooding is a significant risk).
- Annual reporting by upper and single tier local authorities to central government on local biodiversity performance. This includes data (in part supplied by Local Nature Partnerships) on the proportion of local sites where positive conservation management is being achieved, providing information on the links between climate change and impacts on biodiversity.
- Local Nature Recovery Strategies (LNRS) are a new, England-wide system of spatial strategies which will identify areas of existing importance for nature, and establish priorities and map proposals for specific actions to drive nature's recovery and provide wider environmental benefits – for example adaptation to climate change. Government is putting in place the national policy framework so that preparation of LNRS can begin across England. The ambition is for LNRS to inform a broad range of land use and management activity including, biodiversity net gain, planning, how public bodies deliver on the biodiversity duty, and wider investments in nature recovery, both public and private. Government will be establishing LNRS areas and agreeing “responsible authorities” to lead the preparation of each one, making sure the whole of England is covered. 48 Local Authorities have been provisionally appointed to lead an LNRS for their area, with formal appointments and guidance to follow.
- The Health and Care Act 2022 established integrated care systems (ICSs), which are partnerships of NHS bodies and Local Authorities. Each ICS has an integrated care board (ICB) with statutory duties regarding environmental targets. This includes measures to adapt to current or predicted impacts of climate change. Trusts and ICBs will meet this new duty through the delivery of their localised Green Plans, and every Trust and ICB in the country now has a board-level lead for this.
- The Transport Act 2000 (as amended) sets the requirement for Local Transport Authorities to produce Local Transport Plans (LTPs). LTPs are holistic place-based transport strategies which describe an authority's vision and implementation plan

for transport in their areas. The Act sets out that the policies developed for LTPs should promote and encourage safe, integrated, efficient and economic transport to, from and within their areas; and those authorities must take into account any policies and guidance announced by government with respect to mitigation of, or adaptation to, climate change or otherwise with respect to the protection or improvement of the environment. There will be a consultation on an update to LTP guidance in due course.

- Sub-National Transport Bodies were created to provide strategic transport governance at a larger scale than existing local transport authorities. They each produce regularly updates strategic plans that set out their priorities and how they will address challenges facing the region, including tackling climate change.

In determining whether it is proportionate to create additional reporting burdens on the 333 Local Authorities in England, it is necessary to consider how reporting would help support or improve councils' own local efforts on climate change adaptation, both for infrastructure and other locally delivered public services. Initial feedback from stakeholders such as the Local Government Association (LGA) indicates that Local Authorities would value additional advice and guidance rather than a new reporting requirement, and a mandatory approach would be unlikely to receive widespread support in the sector.

A toolkit for local adaptation planning was published in 2021 by Local Partnerships,<sup>6</sup> in addition to a range of other resources to support local authorities in managing climate risks available through the LGA and others.

**Working with the sector, we will consider how this guidance can be built on to support local approaches to climate change adaptation. We will also explore the possibility of piloting a form of adaptation reporting with a small group of local authorities of different types.**

We will test the level of added value that reporting might bring at each level of local government, how it can complement existing corporate risk management practices and climate adaptation action plans, and whether it would be beneficial to seek a wider roll-out of this type of reporting in later rounds of ARP. There has been a positive response to the idea of a pilot among stakeholders in the Local Adaptation Advisory Panel (LAAP).

Supporting Local Authorities to develop their climate risk management practices can also be encouraged through the monitoring and collection of relevant data, in ways other than those noted above. For example, adaptation could be integrated with existing reporting

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<sup>6</sup> [Local Partnerships Climate Adaptation Toolkit v1.pdf \(localpartnerships.org.uk\)](https://localpartnerships.org.uk)

requirements set out in the Single Data List for local government, and existing duties to publish strategies and reports.

***28. Do you agree that Local Authority reporting should be piloted with a small group of authorities in round four of ARP, to test the costs and benefits? What form should this take? Would your organisation be willing to take part?***

***29. What advice, guidance and incentives do Local Authorities need to help develop their climate risk management practices?***

## **Devolved and reserved matters**

The CCA 2008 provides for reports to be sought on reserved matters. All relevant sections of, and Schedules to, the Act 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 organisations in devolved administrations but cannot give directions relating to a reporting organisation's devolved functions.

The section 62 reporting power can therefore only be used on organisations whose functions are in England or are outside England and relate to reserved matters in Scotland, non-devolved matters in Wales and excepted matters in Northern Ireland.

Some of the functions exercised by these organisations 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.

The legal obligations of the Secretary of State to consult or obtain consent before giving 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 directions being issued. Any resulting direction to an organisation to report will only be related to non-devolved matters, and functions in England.

**A voluntary approach to reporting in round four, whereby the government would not be issuing directions to reporting organisations, would not conflict with the devolved administrations' corresponding powers over reserved, non-devolved or excepted matters. If a mandatory approach is preferred once this consultation is complete, we will consult further with the devolved administrations and ensure any further considerations are reflected in the final strategy for round four.**

Table 1 summarises devolved and reserved responsibilities for key infrastructure sectors.

<b>Table 1: Devolved administration responsibilities, by infrastructure sector<sup>7</sup></b>			
<b>Sector</b>	<b>Devolved administration responsibility</b>		
	<b>Northern Ireland</b>	<b>Scotland</b>	<b>Wales</b>
<b>Digital</b>	Reserved	Reserved	Reserved
<b>Energy</b>	Devolved, except nuclear	Reserved, except energy efficiency	Reserved, except energy efficiency
<b>Flood Risk</b>	Devolved	Devolved	Devolved
<b>Transport</b>	Devolved, except aviation and maritime	Largely devolved, except aviation and maritime	Road transport largely devolved, most rail, aviation and maritime reserved
<b>Waste</b>	Devolved	Devolved	Devolved
<b>Water and wastewater</b>	Devolved	Devolved	Devolved

In round three, nine reports were received from organisations with activities in the territorial extent of one or more of the devolved administrations (from airports and power companies). For round four, we will work with the relevant devolved administrations on our approach to increasing coverage of sectors where gaps have been identified, as necessary, on reserved matters only.

We will restrict the targeted scope expansions mentioned above under 'Scope' to organisations' activities in England only, unless they have responsibility for reserved matters.

## Corresponding powers

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<sup>7</sup> The Second National Infrastructure Assessment: Baseline Report, National Infrastructure Commission, P19, Nov 2021 [Revised-Second-National-Infrastructure-Assessment-Baseline-Report.pdf \(nic.org.uk\)](#)

The following is an overview of corresponding powers, for information.

## **Wales**

The CCA 2008 provides the power to Welsh Ministers to issue directions to report, mirroring the Secretary of State's powers, for reporting organisation's devolved functions in Wales.

The Act also provides Welsh ministers with the power to issue guidance that reporting organisations must have regard to when preparing an adaptation report if they have functions that are exercisable in Wales, or have devolved Wales functions.

There are similar requirements upon Welsh Ministers to gain consent from the Secretary of State on any functions overlapping with those of Ministers of the Crown.

Welsh ministers have not directed any reporting organisations to prepare reports to date, however statutory guidance was published under the CCA 2008 in 2013.

The Welsh Government's current 5-year national adaptation Plan, *Prosperity for All: A Climate Conscious Wales*<sup>8</sup>, published in December 2019, sets out the actions being taken in Wales to address the impacts of climate change. The Welsh Government is currently developing an updated strategic policy approach leading up to the publication of the next national adaptation plan in autumn 2024. The potential role of reporting and updated guidance will be considered as part of that policy development.

The Well-being of Future Generations (Wales) Act 2015 sets a statutory framework for sustainability that applies to Welsh ministers and public bodies. Under Part 4 of the Act, Public Service Boards (PSBs) must account for climate risks in their local well-being assessments, and must use these assessments as a foundation to develop well-being plans. The membership of Public Service Boards includes local councils, Local Health Boards, the Welsh Fire and Rescue Authority and Natural Resources Wales. Each PSB must improve the economic, social, environmental and cultural well-being of its area by working collaboratively to achieve the well-being goals set out in the Act.

## **Northern Ireland**

The CCA 2008 does not give any powers to Northern Ireland Executive Ministers (by contrast with the situation in Wales). The only power that was applicable, under the CCA 2008, in Northern Ireland was the Secretary of State's power to issue guidance and directions to reporting organisations in relation to a reporting organisation's non-devolved

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<sup>8</sup> [Prosperity for all: A Climate conscious Wales | GOV.WALES](#)

functions. In practice, many issues in Northern Ireland are completely reserved and devolved, so the powers of the CCA 2008, in relation to the Adaptation Reporting Power, are relatively limited in scope. Requesting consent or consultation may apply where this is not the case, as set out above.

The Climate Change Act (Northern Ireland) 2022 now requires subordinate legislation (i.e. regulations) to be made in regard to placing climate change reporting duties on specified public bodies. The new regulations must be made and come into operation before 18 months after Royal Assent of this Act, i.e. before 6th December 2023. Work is under way in Northern Ireland to inform the development of these regulations.

As required under section 60 of the CCA 2008, Northern Ireland Departments developed a second Northern Ireland Climate Change Adaptation Programme (NICCAP2) which addresses the threats and opportunities identified in the latest UK Climate Change Risk Assessment (CCRA). The NICCAP2 was laid before the Northern Ireland Assembly in 2019, and covers the period 2019 – 2024.

Information, in relation to current and predicted climate risks specific to Northern Ireland, is contained in the independent assessment of the climate risk to the UK, which is produced by the UK CCC as required by section 57 of the CCA 2008. The latest assessment, which was published in 2021, includes specific National Summary reports<sup>9</sup>.

Organisations that wish to widen their understanding and knowledge of the impacts of climate change within Northern Ireland and the adaptation actions necessary to address the risk, can contact the Climate Northern Ireland project, which is funded by the Department of Agriculture, Environment and Rural Affairs (DAERA), for further information.

## **Scotland**

Section 44 of the Climate Change (Scotland) Act 2009 places a duty on ‘public bodies’, when exercising their functions, to act:

- In the way best calculated to contribute to the delivery of greenhouse gas emission reduction targets;
- In the way best calculated to help deliver any national climate change adaptation programme; and,
- In a way that it considers is most sustainable.

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<sup>9</sup> [National Summaries - UK Climate Risk](#)



These duties came into force on 1 January 2011 and apply to all relevant 'public bodies', within the meaning of the 2009 Act.

The 2009 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.

Further to section 44 of the Act, the Scottish Government introduced the Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Order 2015 requiring all named public sector organisations to submit reports on their compliance with their climate change duties under the CCA 2008. The reporting requirements have been further strengthened by The Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Amendment Order 2020. These strengthened reporting requirements apply from reporting year 2021-22. Currently, 180 public sector organisations report annually under this legislation.

The Scottish Government supports and encourages climate action from all public bodies in Scotland and recognises the key leadership role they have to play in responding to the Global Climate Emergency and adapting to the impacts of climate change.

***30. Do you agree with the ARP approach to reporting by organisations with activities in the territorial extent of one or more of the devolved administrations? Please elaborate.***

## Costs and benefits of reporting

### Monetising the costs of reporting

The costs of reporting will be borne by reporting organisations, which will need to dedicate staff time and resource to undertake the task.

In the impact assessment for the second round of ARP<sup>10</sup>, a range for estimated costs was constructed using the mean and median of costs reported by 22 reporting organisations from the first round of ARP. The findings are reproduced here in current prices<sup>11</sup>.

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<sup>10</sup> [Impact Assessment on the 2013 Strategy for exercising the Adaptation Reporting Power \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

<sup>11</sup> HMT GDP deflators published 30 September 2022 were used to convert into 2021 prices.

<b>Table 2: Summary statistics of cost of full reporting in the first round converted to 2021 prices<sup>12</sup></b>	
Sum	£1,118,293.33
Mean	£50,831.36
Median	£34,543.12
Standard deviation	£63,617.49

The range of costs for reporting are between £28,520 to £70,978 for new reporting authorities. This represents a large variation in reporting costs in the original survey response, so this range provides a conservative estimate of costs.

The costs for organisations which have previously reported are estimated to be significantly lower. This is because these organisations will be asked to provide progress updates instead of a full report, to reduce the burden of reporting. The range of estimated costs for progress updates is £5,665 to £14,195, around a fifth of the estimated full reporting costs.

<b>Table 3: Summary of estimated costs to reporting authorities<sup>13</sup></b>		
	Min	Max
Costs for new reporting authorities	£28,520.48	£70,978.10
Costs for reporting authorities giving progress updates	£5,665.07	£14,195.39

We anticipate an additional cost to government in terms of facilitating the reporting process and reviewing results. We estimate this will be a cost to government of between £1,461 to £2,921 per report.

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<sup>12</sup> [GDP deflators at market prices, and money GDP - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/gdp-deflators-at-market-prices-and-money-gdp)

<sup>13</sup> [GDP deflators at market prices, and money GDP - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/gdp-deflators-at-market-prices-and-money-gdp)

These cost estimates are likely to be over-estimates, given the potential scope for cost savings from economies of scale through conducting engagement on a sector basis and knowledge sharing, and the potential for collaboration across organisations.

These estimates are based on the assumption that the next ARP is conducted with a similar approach to rounds two and three. Any significant changes in approach (such as mandating responses) may lead to additional costs due to increased responses rates and costs to government of pursuing responses.

## **Monetising the benefits of reporting**

It is anticipated that the ARP will lead to a variety of private benefits to reporting authorities, and wider benefits to society.

Benefits of reporting are numerous, interdependent and unique to each reporting organisation. It is difficult to predict the size of the benefits of adaptation action, or when they will materialise given current uncertainty of the magnitude of climate impacts. This assessment instead seeks to provide an overview of the potential benefits of reporting rather than an analysis of the benefits of the specific individual adaptation actions contained in reports.

Monetisation of benefits is challenging given the uncertainties associated with climate change risks and likelihood of materialisation (and therefore costs avoided). For this reason, benefits are non-monetised here but there are a number of benefits identified.

### **Private benefits**

The ARP reporting will help to identify relevant climate change risks for the reporting organisations and help to incorporate these into current risk management processes. This may lead to adaptive measures that would not have otherwise been implemented. The ARP will encourage reporting authorities to consider appropriate early adaptive action. This is particularly important in the sectors where long-term planning is required.

Reporting can also provide benefits by bridging information gaps allowing organisations to maximise opportunities and minimise costs and threats from climate change.

Reporting will additionally provide a rich evidence base on what works and for information sharing on climate change adaptation to learn from others.

Providing a framework for reporting can encourage businesses to consider adaptation actions which could generate competition. Businesses which are more resilient to a changing climate will be less likely to face disruption and increased costs, keeping them competitive.

As demand for adaptation goods and services increases, there may be opportunities for businesses in new markets, domestically and internationally, encouraging investment and innovation.

### **Societal benefits**

There will be an unavoidable level of climate change, regardless of future global emissions because of the existing accumulation of greenhouse gases in the atmosphere. As a consequence, adaptation will be necessary in the UK. The government's ambition is to leave the environment in an improved state and an important part of that is looking forwards, understanding climate change impacts and taking action to address them. Hence, there are a number of ways that ARP reporting provides wider societal benefits. If organisations with public functions and those providing critical infrastructure services which are fundamental to society implement measures to address climate change impacts and risks, there will be a reduction or avoidance of future societal disruptions and costs leading to wider positive impacts to businesses, the economy and the environment. Physical infrastructure is a key driver of economic growth by allowing communications, supplies of crucial utility services, transportation and logistics. Without the successful functioning of these systems, economic growth will be constrained.

Adaptation to avoid infrastructure risks can impact directly on economy-wide productivity for these reasons. Identifying these risks through ARP reporting can potentially avoid the problem of costs being borne by third parties as long-term risks are incorporated into organisations' strategic frameworks.

### **Other benefits**

The ARP reporting will provide the government with information on current understanding of climate risks, and the benefit to organisations of incorporating climate change into their risk management strategies.

### **Illustrative example**

To provide an estimate of the total cost of ARP4, we provide an example below using assumptions in line with results from ARP3.

109 organisations were invited to report in ARP3. There were 26 non-responses, which results in a response rate of just over 76%<sup>14</sup>.

Half of non-respondents had previously reported in previous ARP rounds.

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<sup>14</sup> 76.15% rounded to 2 decimal places

Therefore, at a minimum, we can assume that: 96 organisations will be invited to take part in a lighter-touch progress update in ARP4, with a further 13 organisations invited to take part in a full report in ARP4.

We also assume the 76% response rate will apply, assuming that participation remains voluntary.

Table 4 provides a summary of potential total costs of ARP4, based on the assumptions above.

<b>Table 4: Total ARP4 costs</b>	Min	Max
Costs to government	£25,136.94	£50,273.89
Costs to 13 new reporting authorities	£282,326.59	£702,618.08
Costs to 96 reporting authorities giving progress updates	£414,121.59	£1,037,695.778

***31. What is the estimated total cost (time and resource) of reporting for your organisation?***

***32. If you have reported in the past, in what ways has the exercise been useful to your organisation?***

## Further review of Adaptation Reporting

Having proposed minimal changes to reporting in round four in order to correct the misalignment of reporting with the rest of the statutory cycle, we propose to conduct a more fundamental review of the system for adaptation reporting ahead of the fifth statutory cycle.

Starting from first principles, this review would consider how the landscape of climate adaptation policy and reporting has changed since the inception of the Adaptation Reporting Power in the CCA 2008. It would consider the contribution ARP makes to driving infrastructure adaptation, to ensure the process remains fit for purpose. Issues we would want to consider include but are not limited to:

- What we mean by infrastructure and how we can most effectively target reporting
- The sectors and organisations we invite
- Mandatory or voluntary reporting
- The guidance we provide

- What information we seek on interdependencies and how we support organisations to work together to reduce their vulnerability to interacting and cascading risks
- How adaptation action is driven through the relevant regulatory regimes, and how this is reported
- The information we can obtain via other public and private sector reporting regimes on climate risk and adaptation

***33. What additional questions would you pose for future reviews of climate adaptation reporting?***

# Summary of consultation questions

1. Do you agree with the objectives and principles for this round of reporting? Please give your reasons as necessary.
2. Are there any additional objectives or principles you would want to see included?
3. Would providing an update on changes since round three of reporting enable your organisation to deliver a report within a shorter time period?
4. Do you have any further proposals that would help streamline and minimise the reporting burden on your organisation or sector?
5. Should ARP reporting remain voluntary or be made mandatory in round four? Please give your reasons as necessary.
6. Should the position be reviewed again ahead of round five?
7. What impacts, positive or negative, could mandatory reporting have in your organisation?
8. What else can government do to encourage additional coverage in sectors where gaps have been identified? How should we determine proportionality in these sectors?
9. Is your organisation subject to existing or planned UK Sustainability Disclosure Requirements or any other relevant reporting regimes? How far do these go in fulfilling the objectives of ARP in your organisation?
10. Are there any gaps which remain between the information provided under other reporting requirements and that of ARP? If yes, please provide details.
11. Could your TCFD-aligned disclosures effectively replace ARP in round four or beyond? Please give any supporting reasons.
12. Do you support a case-by-case approach to sectoral reporting, balancing the need for proportionality with the need for specific insights into the management of climate risks? Please give any supporting reasons.
13. Who should be asked to report in the energy generation, telecommunications and digital sectors?
14. How can reporting by regulators best reflect their important oversight role?
15. Which regulators should be invited to report in round four?
16. Would your organisation be able to report on interdependent and cascading risks? Please give any supporting reasons.
17. Would a requirement to report on the detail of interdependent risks help to drive progress in assessing and managing these? Please give any supporting reasons.
18. How can government encourage cross-sector working and collaboration on interdependencies as part of the adaptation reporting process?

19. Would reporting templates be helpful for your organisation? Please give any supporting reasons.
20. Do you agree that following the template should be voluntary? Please give any supporting reasons.
21. What supporting guidance would be useful to minimise reporting burdens and ensure that reports are generating useful insights?
22. Should government pursue a standardised approach to risk assessment, including by mandating the use of specific climate scenarios? How would this affect your ability to respond, and to assess risk according to your organisation's specific circumstances?
23. Do you agree that organisations that reported in the third round should not be required to submit full risk assessments in round four, and that reports should instead focus on updates to actions taken in response to risks? Please give any supporting reasons.
24. Have we selected the right areas to prioritise for targeted scope expansion in the fourth round of reporting?
25. How would a reporting pilot be received in your sector?
26. Which organisations should be invited to report and how should we determine proportionality in these sectors?
27. Would your organisation be willing to take part in a pilot in round 4 of the ARP?
28. Do you agree that Local Authority reporting should be piloted with a small group of authorities in round four of ARP, to test the costs and benefits? What form should this take? Would your organisation be willing to take part?
29. What advice, guidance and incentives do Local Authorities need to help develop their climate risk management practices?
30. Do you agree with the ARP approach to reporting by organisations with activities in the territorial extent of one or more of the devolved administrations? Please elaborate.
31. What is the estimated total cost (time and resource) of reporting for your organisation?
32. If you have reported in the past, in what ways has the exercise been useful to your organisation?
33. What additional questions would you pose for future reviews of climate adaptation reporting?



## Annex A – List of acronyms

- ARP – Adaptation Reporting Power
- ASC – Adaptation Sub-Committee
- BA – Broads Authority
- CCA (2008) – Climate Change Act 2008
- CCC – Climate Change Committee
- CCRA – Climate Change Risk Assessment
- CQC – The Care Quality Commission
- CRT – Canal and River Trust
- DAERA – Northern Ireland’s Department of Agriculture, Environment and Rural Affairs
- DBAT – Department for Business and Trade
- EA – Environment Agency
- GDP – Gross domestic product
- ICS – Integrated Care Systems
- ICB – Integrated Care Board
- IDB – Internal Drainage Board
- ISSB – International Sustainability Standards Board
- LAAP – Local Adaptation Advisory Panel
- LGA – Local Government Association
- LNRS – Local Nature Recovery Strategy
- LTP – Local Transport Plan
- M&E – Monitoring and Evaluation
- NAP – National Adaptation Programme
- NICCAP – Northern Ireland Climate Change Adaptation Programme
- PSB – Public Service Boards
- SCCAP – Scottish Climate Change Adaptation Programme
- TCFD – Task Force on Climate-Related Financial Disclosures
- UKHSA – UK Health Security Agency
- UKCP – UK Climate Projections

# Annex B – List of reporting organisations in round 3

Fifty-six reports were submitted under the third round of the climate change Adaptation Reporting Power,<sup>15</sup> representing over 120 organisations in total (reflecting company groups, joint reports and sectoral groupings).

## Water sector

1. Affinity Water
2. Anglian Water
3. Bristol Water
4. Northumbrian Water
5. Ofwat (the regulator)
6. Portsmouth Water
7. SES Water
8. Severn Trent Water
9. South East Water
10. South West Water
11. Southern Water
12. Thames Water
13. United Utilities
14. Wessex Water
15. Yorkshire Water

## Energy sector

16. Cadent Gas
17. Electricity North West
18. Energy Networks Association
19. Energy UK (on behalf of electricity generators)
20. National Grid (gas and electricity)
21. Northern Gas Networks
22. Northern Powergrid
23. Scottish and Southern Electricity Networks (SSE)
24. SGN Gas
25. SP Energy Networks

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<sup>15</sup> Climate change adaptation reporting: third round reports, 17 August 2022 [Climate change adaptation reporting: third round reports - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/climate-change-adaptation-reporting-third-round-reports)

- 26. UK Power Networks (sectoral overview for energy distribution)
- 27. Wales and West Utilities

### **Road and rail sector**

- 28. HS2
- 29. National Highways
- 30. Network Rail
- 31. Transport for London

### **Strategic aviation sector**

- 32. Birmingham Airport
- 33. Cardiff Airport
- 34. Edinburgh Airport
- 35. Gatwick Airport
- 36. Luton Airport
- 37. Manchester Airports Group (East Midlands, London Stansted and Manchester Airports)
- 38. NATS (Air Traffic Control)

### **Financial regulators**

- 39. Financial Conduct Authority
- 40. Prudential Regulation Authority
- 41. The Pensions Regulator

### **Digital and telecommunications sector**

- 42. TechUK
- 43. The Electronic Communications Resilience and Response Group (30 organisations)

### **Harbour authorities**

- 44. Associated British Ports (covering 21 UK ports)
- 45. Peel Ports Group (Port of Sheerness and Mersey Docks and Harbour)
- 46. Port of Dover
- 47. Port of London Authority

### **Lighthouse authorities**

- 48. Northern Lighthouse Board
- 49. Trinity House

### **Defra agencies and public bodies**

- 50. Environment Agency
- 51. Forestry Commission

52. Natural England

53. Seafish

**Heritage sector**

54. Historic England and English Heritage Trust (joint)

**Health sector**

55. NHS and UK Health Security Agency (joint)

**Other organisations**

56. The Wildlife Trusts