SPF UK Climate Resilience Programme

Webinar Series 2022











12:00	UK Climate Resilience Programme news	Kate Lonsdale UK Climate Resilience Programme Champion, University of Leeds
12.10	The economic case for climate change adaptation	Paul Watkiss Paul Watkiss Associates
12.35	Response	Dr Nigel Miller Defra
12.40	Q&A	Panel
13.00	End	





How to engage



- Presentations first then Q&A and discussion
- Post questions in the Q&A box at any time
- Up-vote your favourites
- Attendees will remain muted unless enabled to speak by the host
- Webinar (audio and slides) will be shared after the event
- Technical problems chat
- The webinar is being recorded

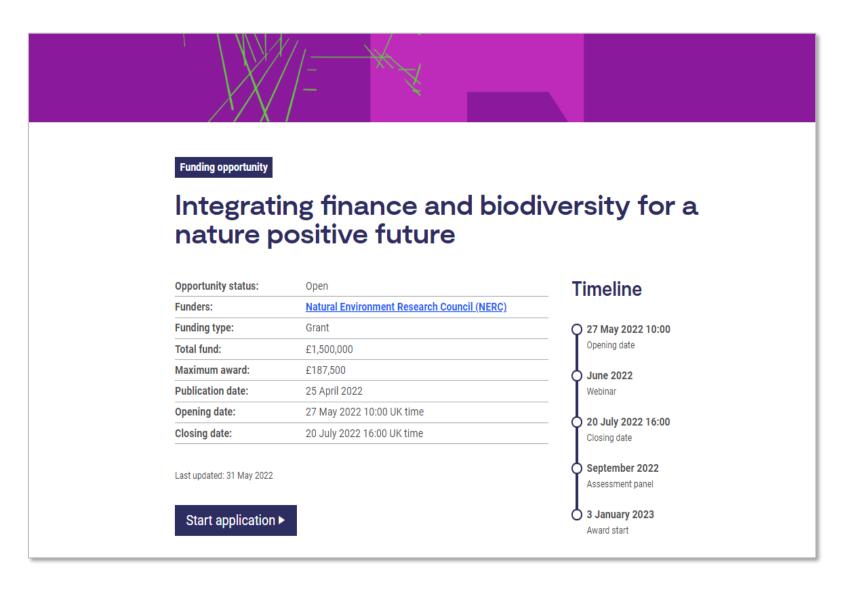
Twitter: <u>@UKCRP_SPF</u> #UKclimateResil Website: https://www.ukclimateresilience.org/







NERC Funding opportunity - closing 20th July



NaturePositive@nerc.ukri.org



NERC Call for Evidence - deadline extended until 10 June 2022



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NERC Training Needs and Skills Gaps - Online submission

NERC invites evidence submissions detailing emerging training needs and skills gaps across the NERC remit, including remits at the interface with other UKRI research councils.

Submissions should include reference to relevant evidence to support claims made about the importance of the training need.

'Evidence' in this context is a broad term and should include, for example, policy or industry reports, studies, anecdotal feedback from colleagues or other groups, raw data, charts and graphs, results of questionnaires or consultations, etc.

'Training needs' and 'skills gaps' refer to specific or transferrable skills and areas within the <u>NERC remit</u> which represent a new research area or one which needs expanding (for example, in response to a current crisis or challenge), or because there is a lack of skilled expertise or training nationally / internationally.

https://reg.nerc.ac.uk/evidence/



Special Issue: Climate Risk Management

ARTICLE IN PRESS

Climate Risk Management xxx (xxxx) xxx



Contents lists available at ScienceDirect

Climate Risk Management

journal homepage: www.elsevier.com/locate/crm



UK Climate Risk Assessment and Management

The concept of climate risk has become increasingly important and central to climate change research (Reisinger et al., 2020) and practice (Willows and Connell, 2003) over the last two decades. Climate risks result from the interactions of climate-related hazards with the vulnerability and exposure of human and natural systems, as well as human responses to climate change (such as adaptation).

Mandated by the 2008 Climate Change Act, the UK Government is required to publish a climate change risk assessment (CCRA) every five years, with the third CCRA being the most recent (HM Government, 2022). Since the publication of the second risk assessment in 2017, significant scientific advancements have occurred. This has been accompanied by the emergence of a UK community of researchers and practitioners working on climate science, impacts, adaptation, vulnerability and services who use climate risk as a central concept.

This Special Issue is the result of Climate Risk Management's first Open Special issue (launched in 2020), which sought contributions of new and original research on UK climate risk assessment and management in order to support the evidence base for the UK's Third CCRA. The Special Issue includes twelve papers that span both the assessment and the management of climate risk in the UK. Several papers focus on water-associated risks, with analysis ranging from the national to the catchment scale. These papers include scientific and methodological innovations in the assessments of flooding in Great Britain (Kay et al., 2021), drought in Scotland (Visser-Quinn et al., 2021), river water temperatures in England (Wilby, and Johnson, 2020), river econstem resilience in the Lee catchment.

The economic case for climate change adaptation

Paul Watkiss
Paul Watkiss Associates





The Economic Case for Climate Change Adaptation

Paul Watkiss and Alistair Hunt

UK CR Presentation



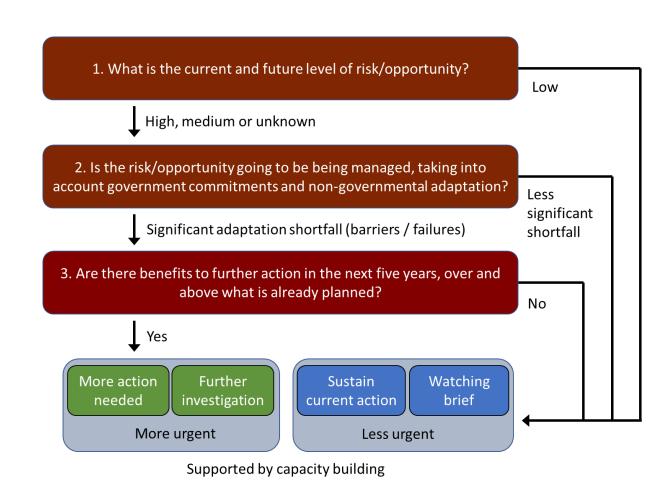


Presentation

- Economics of climate change in the UK CCRA3
- Costs and benefits and the case for adaptation
- Mainstreaming adaptation economics
- Emerging issues

CCRA3

- Focused on ~60 priority risks and opportunities
- Step 1 Included a study on the economic costs of climate change
- Economic costs as measured by government societal impacts (market and non-market)
 - Updated a similar analysis undertaken for CCRA1
- Step 3 analysis of economic benefits of adaptation interventions



Coverage

- Cover many more risks than most IA studies (>60)
- Valuation

Risks	Opportunities	
VH	+VH	£billions/year
Н	+H	£hundreds of millions/year
М	+M	£tens of millions/year
L	+L	£<10 million/year

- Some areas detailed costing,
- Some value (based on impacts, indicative)
- Some just not possible to value
- Risks, opportunities, gaps

Risk / Opportunity	205	ins.	2080s	≥ 2°C	2080s	4°C	
NE5. Risks to natural carbon stores and sequestration	VH		VH		2080S, 4 C		
I1. Risks to infrastructure networks from cascading failures	VH		VH		VH		
H1. Risks to health and wellbeing from high temperatures	VH		VH		VH		
H3a River and surface flooding		VH		VH		VH	
B1. Risks to business from flooding		VH		VH		Н	
B4. Risks to finance, investment and insurance		VH		VH		Н	
ID8: Risk finance sector		VH		VH		Н	
I2. Risks to infrastructure services from flooding	H – VH		H - VH		VH		
H5: Risks to building fabric	Н		VH		VH		
H6b: Risks from increased summer household energy demand	Н		VH		VH		
ID7: Risks international trade disruption	M		H		VH		
B5. Risks to business from reduced employee productivity	M — H		M		H - VH M - H		
I12. Risks to transport (in addition to flooding)			M - H H				
NE4. Risk to soils. NE6. Risks to and opportunities for: <i>Agriculture</i>	H	+H	VH	+VH	VH +VH		
ID1: Risks to UK food availability	VH	+⊓ +VH	VH VH	+v⊓ +VH	VH	+VH +VH	
I10. Risks to energy (in addition to flooding)	H-VH	+H-VH	H-VH	+H-VH	H-VH	+H-VH	
I11. Risks to offshore infrastructure from storms and high waves	H-VH	+H-VH	H-VH	+H-VH	H-VH	+H-VH	
N11.Risks to freshwater species and habitats	H				H -		
Risks to public water supplies from reduced water availability	H		ŀ				
H3b Coastal flooding	H		ŀ		H		
B3. Risks to businesses from water scarcity	H		ŀ		H		
NE7. Risks to agriculture from pests, pathogens and invasive	N		H		H		
H10a: Risks to household water supplies	Н	l	H	1	H		
I5. Risks to transport networks from slope / embankment failure	M -	- H	M ·	- H	H	ł	
NE8. Risks to forestry from pests, pathogens and invasive	N	1	N	Л	H	I	
NE14. Risks to marine species, habitats and fisheries	N	1	N	Л	H	1	
I13. Risks to digital	N		N		H		
ID4: Violent conflict	N		N		H		
NE16. Risks to marine from pests, pathogens and invasive	N		N		N		
NE17. Risks and opportunities to coastal species and habitats	M		M		M		
Risks to infrastructure services from coastal flooding	M		M M		M		
I4. Risks to bridges and pipelines from flooding and erosion	N				N N		
I6. Risks to hydroelectric generation from low or high river flows	M	+M	М	+M	M	+M	
I7. Risks to subterranean and surface infrastructure	M		M L - H		M		
NE6. Risks to and opportunities for: Forestry		L - H M		<u> </u>		L - H M	
B2. Risks to business and infrastructure from coastal change H8: Risks to health from vector-borne disease	L - M		M		M		
ID9 Public Health	L - IVI		M		M		
N12. Risks to freshwater from pests, pathogens and invasive	L		L		M		
H4: Risks to viability of coastal communities from sea level rise	Ĺ		L		M		
H9: Risks to food safety and food security	L-M		L-M		L-M		
H7a: Risks to health and wellbeing from changes in air pollution	L		L		L		
ID3: Human mobility	L		L		L		
NE1. Risks to terrestrial species and habitats	Unkn		Unkr	nown	Unkr	own	
NE2. Risks to terrestrial from pests, pathogens and invasive	Unkn		Unkr		Unkr		
NE3. Opportunities from new species colonisations (terrestrial)	Unkn		Unkr		Unkr		
N10. Risks to aquifers and agricultural land from sea level rise	Unkn		Unkr		Unkr		
NE18. Risks and opportunities to landscape character	Unkn		Unkr		Unkr		
I9. Risks to energy generation from reduced water availability	Unkn		Unkr		Unkr		
H7b: Risks to health / wellbeing from changes in aeroallergens	Unkn		Unkr		Unkr		
H10b: Risks to water quality	Unkn		Unkr		Unkr		
H11: Risks to cultural heritage	Unkn		Unkr		Unkr		
H12: Risks to health and social care delivery H13: Risks to education and prison services		Unknown Unknown		Unknown Unknown		Unknown Unknown	
ID5: Law and governance	Unkn		Unkr		Unkr		
ID10 Multiplication							
B6. Risks to business from disruption to supply chains / dist		Unknown Unknown		Unknown Unknown		Unknown Unknown	
H2. Opportunities for health and wellbeing from high temp		+ VH		+ VH		+ VH	
B7. Opportunities for businesses from changes in demand		+VH		+VH		+VH	
H6a: Opportunities reduced winter household energy demand		+ VH		+ VH		+ VH	
NE9. Opportunities for agricultural and forestry productivity		+H		+H		+VH	
ID2: Opportunities for UK food availability	+H		+H		+H		
ID6: Opportunities international trade routes	+M		+H		+VH		
NE15. Opportunities to marine species, habitats and fisheries	+M		+M		+H		
N13. Opportunities to freshwater species and habitats	+L		+L		+M		

Loss of staff hours due to high internal building temperatures Residential properties at significant risk of flooding Non-residential properties at significant risk of flooding Insufficient summer river flows to meet environmental targets Climate risks to investment funds Energy demand for cooling Summer morbidity due to higher temperatures Hospitals and schools at significant risk of flooding Distribution of marine alien/invasive species Public water supply-demand deficits + M Risks to species and habitats due to coastal evolution -M Risks to coastal habitats due to flooding -M Overheating of buildings -M -M Power stations/sub-stations at significant risk of flooding -M -M Increased subsidence risk due to rainfall changes -M Agricultural land lost due to coastal erosion -M Energy transmission efficiency capacity losses due to heat - over ground -M -M A decrease in output for businesses due to supply chain disruption -M -M -M -M Extreme weather event (flooding and storms) mortality -M Extreme weather event (flooding and storms) injuries -M -M -M Heat related damage/disruption to energy infrastructure -L/M -L/M -L/M In creased ocean acidification -M -M Decline in marine water quality due to sewer overflows -M -M -M -M Risks of human illness due to marine pathogens Forest extent affected by red band needle blight -L/M -M Summer mortality due to higher temperatures -M -M Risk of pests to biodiversity -M -M Risk of diseases to biodiversity -M -M -L Species unable to track changing 'climate space' -M -M Changes in species migration patterns -M -M -M Biodiversity risks due to warmer rivers and lakes Generalist species more able to adapt than specialists -M Wildfires due to warmer and drier conditions -M Mortality due to summer air pollution (ozone) -M Disruption to road traffic due to flooding -M Flood risk for Scheduled Ancient Monument sites

Changes in wheat yield (due to warmer conditions)	+H	+H	
Reduction in energy demand for heating	+H	+H	4
An expansion of tourist destinations in the UK	+H?	+H?	-
ecline in winter morbidity due to higher temperatures	+H	+H	
An expansion of tourist destinations in the UK	+H?	+H?	+
ecline in winter mortality due to higher temperatures	+M	+ M	
anges in sugar beet yield (due to warmer conditions)	+ M	+ M	
Opening of Arctic shipping routes due to ice melt	+L	+ M	

2050s

20805

3 VH

CCRA3

15 VH

Risk / Opportunity 2050s 2080s. 2°C 2080s. 4°C NE5. Risks to natural carbon stores and sequestration VH VH VH Risks to infrastructure networks from cascading failures VH VH H1. Risks to health and wellbeing from high temperatures VH VH VH H3a River and surface flooding VH VH VH VH VΗ VΗ B1. Risks to business from flooding VΗ VΗ B4. Risks to finance, investment and insurance VH VH VΗ VΗ ID8: Risk finance sector 12. Risks to infrastructure services from flooding H5: Risks to building fabric VH VΗ H6b: Risks from increased summer household energy demand ID7: Risks international trade disruption М VH н B5. Risks to business from reduced employee productivity М М H - VH M - H I12. Risks to transport (in addition to flooding) M - HM - H NE4. Risk to soils. Н Н Н NE6. Risks to and opportunities for: Agriculture +H VΗ VΗ +VH +VH VΗ +VH ID1: Risks to UK food availability VH +VH VH +VH H-VH +H-VH H-VH +H-VH H-VH +H-VH I10. Risks to energy (in addition to flooding) I11. Risks to offshore infrastructure from storms and high waves H-VH +H-VH H-VH +H-VH H-VH +H-VH N11.Risks to freshwater species and habitats 18. Risks to public water supplies from reduced water availability H3b Coastal flooding н B3. Risks to businesses from water scarcity NE7. Risks to agriculture from pests, pathogens and invasive H10a: Risks to household water supplies Н I5. Risks to transport networks from slope / embankment failure M – H M - H NE8. Risks to forestry from pests, pathogens and invasive М М NE14. Risks to marine species, habitats and fisheries M I13. Risks to digital М ID4: Violent conflict М Н NE16. Risks to marine from pests, pathogens and invasive M M М NE17. Risks and opportunities to coastal species and habitats M М 13. Risks to infrastructure services from coastal flooding M М 14. Risks to bridges and pipelines from flooding and erosion M M 16. Risks to hydroelectric generation from low or high river flows +M +M +M 17. Risks to subterranean and surface infrastructure M NE6. Risks to and opportunities for: Forestry L - H B2. Risks to business and infrastructure from coastal change M H8: Risks to health from vector-borne disease L - M М ID9 Public Health N12. Risks to freshwater from pests, pathogens and invasive H4: Risks to viability of coastal communities from sea level rise H9: Risks to food safety and food security L-M L-M L-M H7a: Risks to health and wellbeing from changes in air pollution ID3: Human mobility Unknown NE1. Risks to terrestrial species and habitats Unknown Unknown NE2. Risks to terrestrial from pests, pathogens and invasive Unknown Unknown Unknown NE3. Opportunities from new species colonisations (terrestrial) Unknown Unknown Unknown N10. Risks to aquifers and agricultural land from sea level rise Unknown Unknown Unknown Unknown NE18. Risks and opportunities to landscape character Unknown Unknown Unknown 19. Risks to energy generation from reduced water availability Unknown Unknown H7b: Risks to health / wellbeing from changes in aeroallergens Unknown Unknown Unknown H10b: Risks to water quality Unknown Unknown Unknown H11: Risks to cultural heritage Unknown Unknown Unknown H12: Risks to health and social care delivery Unknown Unknown Unknown H13: Risks to education and prison services Unknown Unknown Unknown ID5: Law and governance Unknown Unknown Unknown ID10 Multiplication Unknown Unknown Unknown Unknown B6. Risks to business from disruption to supply chains / dist Unknown Unknown H2. Opportunities for health and wellbeing from high temp + VH + VH + VH B7. Opportunities for businesses from changes in demand +VH +VH +VH H6a: Opportunities reduced winter household energy demand + VH + VH + VH NE9. Opportunities for agricultural and forestry productivity +H +H +VH ID2: Opportunities for UK food availability +H +H +H+M ID6: Opportunities international trade routes +H +VH NE15. Opportunities to marine species, habitats and fisheries +M +M +H N13. Opportunities to freshwater species and habitats +M

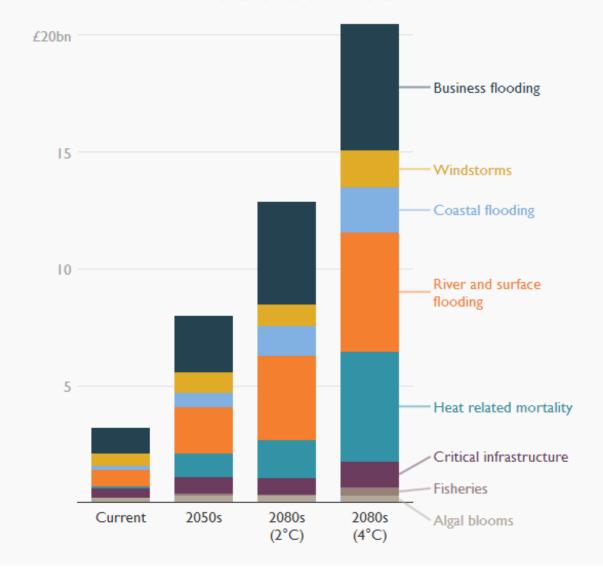
CCRA3 Magnitude

- Economic costs of CC are large
- But perceptions of values are different due to COVID

Large differences in values 2 vs 4 but....

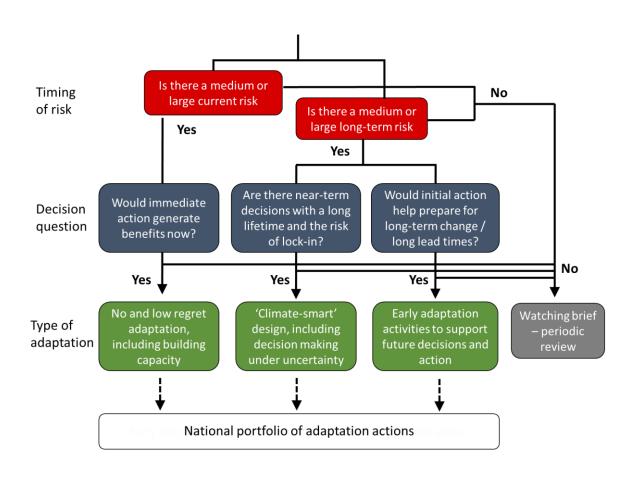
Climate costs

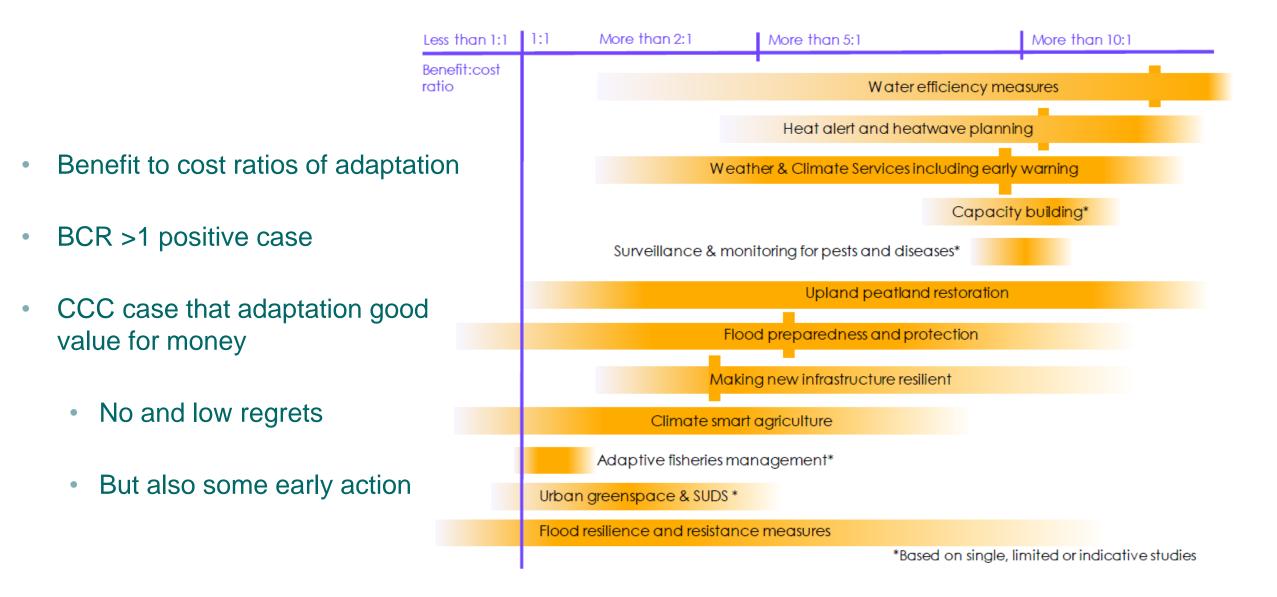
Estimated annual economic costs of climate change in the UK for a selection of risks



Adaptation Costs and Benefits

- CCRA3 step 3 identify case for further action
- Economic case for adaptation made difficult by discounting and uncertainty
- And links between climate and socio-economic consequences, and adaptation effectiveness
- CCRA3 tried to identify areas where economic case for adaptation in NAP (next five years)
- 3 building blocks
- Reviewed literature to identify case for adaptation for all 60 risks and opportunities



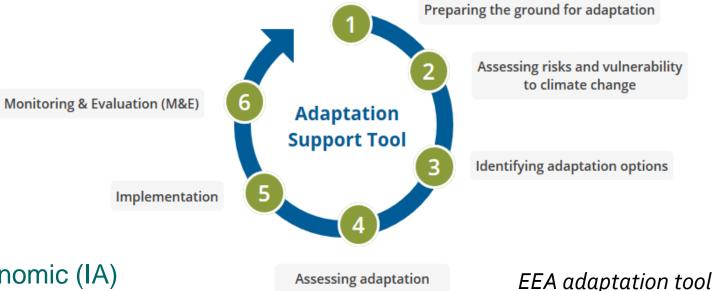


Source: Watkiss, P. and Brown, K.A (2021)

(but didn't assess total costs of adaptation)

Mainstreaming adaptation economics

- Adaptation economics has developed as a tool as part of adaptation policy cycle
- Economics relegated to late in the cycle, as part of options analysis (appraisal)
- Reduction in impact (benefit) vs costs
 - Different options
 - To support preferred option



Methods and options quite techno-economic (IA)

economic analysis comes here

In UK policy making, economics is all

- In UK, climate adaptation follows a mainstreaming approach (integration)
- Standard public policy cycle in UK dominated by economics and Green Book thinking
- Economics is not step 4, it is step 1
- Establish economic rationale why government need to act
 - Market failure, policy, governance failure?
- Once identified, how best to address, where/how to act
 - Regulate, enable the market, etc.
- Very different to classic science based approach



Economic Case for Adaptation

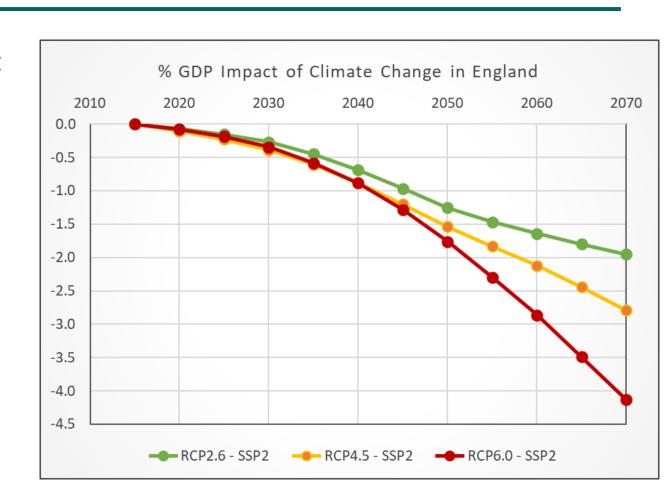
- Defra funded Economic Case for Adaptation 2020 2022
- Frontier economics and Paul Watkiss Associates
- Follow on from CCRA3 'Exam question' what should the priorities be for the next National Adaptation Programme and adaptation programmes of the devolved administrations?
- Second exam question 'What is the economic case for, and the costs and benefits, of priority adaptation for the next NAP and DA programmes'
- Focus on now and the pathway over future decades, rather than just the 2050s

ECR Evaluation

- Not the first time we have tried this.......
- After CCRA1 Defra Economics of Climate Resilience (2013) did use green book thinking
- But did not resonate within government or in terms of ambitions of NAP1
- First step learn evaluation of the ECR
- What prevented translation into ambitious adaptation policy in NAP1
 - Lack of numbers
 - Political economy deregulation, austerity, politics
 - Governance, process, integration drop off in capacity and action

Making the headline case

- Economic case to support the Government CCRA3 report (Jan 2022)
- Macro-economic costs of climate change in England relatively high
- Next twenty years already locked-in
- Only adaptation can reduce impacts before
 2040 mitigation benefits come later
- Highlight that climate change will affect the public finances



Economic Case for Adaptation

- Analysis on the top 8 risks identified in CCRA3
- Making the economic case
- Providing real-world adaptation economics support



•	Specific risk examined
•	Risks to staff productivity from overheating in hospitals
•	Risks to new-build low carbon generation from water availability
•	Risks from increased storms to the operation of ports
•	Risks to the cost of achieving biodiversity targets from climate change
•	Risks to peatland from increased frequency and severity of wildfires
	Risks to environmental land management schemes from climate change

Method

1. What is the case for action now, i.e. in the next NAP period?

- Identify current and future risks in monetary terms (scale)
- Identify economic decision perspective, i.e. i) current economic costs or policy risk, ii) lock-in risk, iii) opportunity for learning
- Identify adaptation gap and assess the cost of inaction, i.e. from delaying

2. What is the case for Government intervention?

- What are the market and policy failures/barriers?
- What is the capacity of the sector to adapt? Is it adapting?
- Is there a rationale to act?

3. Where are there opportunities to act?

- How does this sit in the policy landscape and other objectives?
- Where are the opportunities to integrate adaptation?

4. What are the costs and benefits of early action?

At the end of **Step 1**, the problem will be clearly identified, including the scale, to establish the counterfactual for policy analysis and what potential implications if climate change is left un-checked in the sector.

At the end of **Step 2**, the policy question can then be formulated. This allows us to have greater focus on short-term policy priorities, that links up to the NAP.

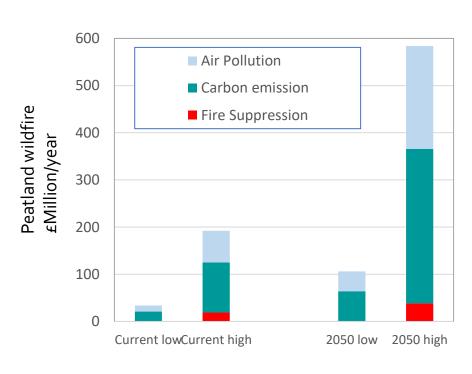
At the end of **Step 3**, we will have engaged with policy teams, and have identified a clear intervention case and potential policy window to develop this.

At the end of **Step 4**, we will have 'crowded-in' the best expertise and modelling to answer policy issues and help develop a robust analytical case to support potential action.

Example 1. Building the case

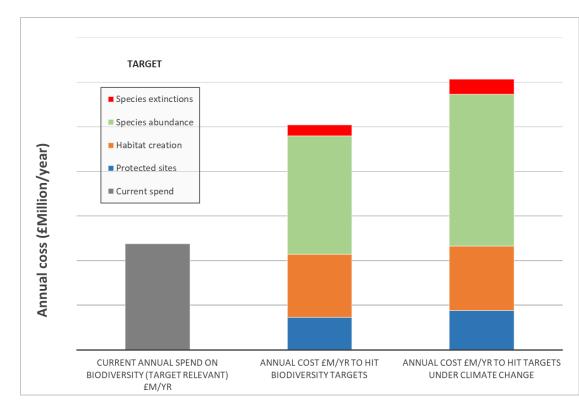
- Wildfires risk that warrants further attention
- Focus on peatland 35% of all wildfires in UK by area (2200/ha/yr)
- Economic costs wildfires high carbon emissions + AQ + ES loss
- Rising risks, and risk social costs (cost of carbon, net zero)
- Established economic rationale to act (externalities)
- Economic analysis of benefits of package of early options
 - Early warning, training, positive BCRs (but also gaps)
- Lesson economics helps the government case to act





Example 2. Integration

- Case study on including climate change in policy analysis around Biodiversity target
- Integrate climate risks and adaptation into the policy process and Government impact assessment
- Climate change affects the costs of achieving policy outcomes or level of ambition can achieve
- Identified need for adaptation integration
- And potentially implications for options and actions
- Lessons
- Climate will affect policy delivery integration key
- Challenging for Government support valuable



Example 3. Influencing

- Case study on including climate adaptation in Environment Land Management Scheme (E.L.M.)
- E.L.M. replaces CAP and has a focus on payment for land managers for delivering public goods
- Includes mitigation and adaptation as key public goods
- Adaptation involves two aspects
 - Climate proofing E.L.M. delivery (e.g. create)
 - Delivering adaptation projects
- Economic case to highlight possible inclusion of an adaptation objective
- Analysis of what could mean in terms of payment for adaptation to incentivize land managers

Insights

- Economics has a key role upstream and earlier than currently applied in adaptation
- More focus on economic case through traditional Green book lens useful and needed
- But including adaptation (alongside everything else) challenging for Government
 - Benefits of central oversight to help encourage mainstreaming in policy
 - Benefits of support facilities (CMF) to help this
- Policy champions, cross government collaboration
- And possibly..... Objectives and Lead

Research gaps / new challenges

- What else
- Valuation more work on gaps, less work on improving current (lost keys)
- Aggregate costs of adaptation in England and the DAs
- Adaptation objectives and goals (and indicators)
- Adaptation finance especially moving from public to blended/private
- Economics of transformational adaptation

Response

Dr Nigel Miller Defra



Contact details

Website: www.ukclimateresilience.org

Twitter: @UKCRP_SPF

YouTube: UK Climate Resilience programme







Next webinars:

Tuesday 21st June 12.00-13.00

Speakers: Paul O'Hare (MMU)
Putting resilience into Manchester Climate Change
Agency

Wednesday 6th July 12.00-13.00

Speakers: Murray Dale (JBA)

Choices for the future of UK climate information:

project findings



MANCHESTER CLIMATE CHANGE AGENCY





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