



ENVIRONMENT AND SUSTAINABILITY SCRUTINY COMMITTEE – 27TH OCTOBER 2020

**SUBJECT: REDUCE, PRODUCE, OFFSET, BUY (A DECARBONISATION
STRATEGY AND ACTION PLAN FOR CAERPHILLY COUNTY
BOROUGH COUNCIL)**

REPORT BY: CORPORATE DIRECTOR, COMMUNITIES

1. PURPOSE OF REPORT

- 1.1 To update the Environment and Sustainability Scrutiny Committee on the work undertaken since 11th June 2019, when the Committee were presented with a report setting out the Council's intention to develop a carbon reduction plan that would concentrate on tackling the decarbonisation agenda in order that the Council can achieve its goal of becoming net carbon neutral by 2030.
- 1.2 Since June 2019, officers have produced a draft Decarbonisation Strategy as the main tool to achieve its decarbonisation objectives. This strategy is supported by a detailed Action Plan which gives more granular detail on what actions the Council can take in the short, medium and long term to achieve this goal. It also presents an Energy Prospectus which outlines potential commercial projects that will also help towards our goals. This scrutiny report sets out the proposed timeline and milestones towards the adoption/approval of a Council focused Decarbonisation Strategy.
- 1.3 The report therefore introduces committee Members to the suite of documents outlined above namely the Decarbonisation Strategy, the Decarbonisation Action Plan and the Energy Prospectus.

2. SUMMARY

- 2.1 At the Environment and Sustainability scrutiny committee on the 11th June 2019 officers presented a report to Members outlining the progress made in respect of energy conservation and carbon reduction predominantly through the Council's Carbon Reduction Strategy 2009-2019. It also highlighted the need for a new overarching plan to assist the Council to meet its "Green energy" ambitions whilst also aligning the authority with Welsh Government's and the Cardiff Capital Region (CCR) aspirations for decarbonisation. This report went on to Cabinet for approval.
- 2.2 Since this date, officers have undertaken consultation with a number of stakeholders to develop a draft Decarbonisation Strategy to drive the Council's decarbonisation agenda and ensure that the Council meets its key ambition of becoming net carbon neutral by the year

2030 and the Council has declared a climate emergency.

- 2.3 This strategy has been finalised in the midst of the Covid-19 pandemic. At the time of writing, the true economic and societal costs for the county borough are unknown. However, as we move from the immediate emergency response to considering our options for economic recovery, this energy strategy has the potential to play a significant role in helping Caerphilly county borough recover and rebuild sustainably.
- 2.4 This report introduces the draft Decarbonisation Strategy to Scrutiny Members along with two supporting documents – the Action Plan and the Energy Prospectus. It seeks the views of Members on their contents.

3. RECOMMENDATIONS

3.1 That Scrutiny Committee

- i) Provides its views on the draft Decarbonisation Strategy and supporting documents prior to consideration by Cabinet.
- ii) Acknowledges the milestones for adoption of this document by the Council.
- iii) Acknowledge the wide and diverse range of activities that the Council will need to implement to achieve the Decarbonisation objectives.
- iv) Recognise that the actions, targets and contents contained within the supporting Action Plan and Energy Prospectus are fluid and will respond to external pressures and opportunities as they occur. In particular, it will be necessary to react to changing legislation from Welsh Government and Central Government.
- v) Acknowledges that business cases associated with Energy Prospectus projects will be reviewed by the CCBC Regeneration Project Board with recommendations being made to Cabinet where required.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 To ensure timely progress towards development and adoption of the Council's Decarbonisation Strategy.

5. THE REPORT

- 5.1 The Council needs to build on the progress made through the successful implementation of the Carbon Reduction Strategy over the last decade. The Carbon Reduction Strategy concentrated on Council owned non-domestic buildings and street lighting and looked to reduce energy consumption and associated carbon emissions. It achieved a 45% reduction in the levels of carbon used in these targeted areas.
- 5.2 Running in parallel with this, other initiatives have been introduced to reduce our footprint and levels of emissions. For example, within Housing external wall insulation has been provided to our non-traditional stock along with the boiler replacement programme and we have reached our WHQS goal for energy efficiency. This has helped to assist in reducing carbon being produced and has helped set the base line moving forward. The impact of Covid 19 has slowed down progress on this particular agenda but post Covid is a perfect opportunity to instigate change for the good.

- 5.3 In order to continue that good work the Council now needs to take a wider approach to carbon/energy management across the Authority, including waste, transport and other areas. Although the Council has worked hard to reduce its current carbon footprint, we do still impact negatively on our environment and it is imperative that we acknowledge this and act upon it.
- 5.4 This report updates Members on the work towards producing a CCBC Decarbonisation Strategy; which will introduce a wider approach to reducing carbon emissions and investing in efficiency measures across the local authority portfolio.
- 5.5 Taking this wider approach will assist the Council in fulfilling its Green energy potential as well as meeting the current obligations as set out by Welsh Government and Westminster Government. Importantly it will help future-proof the local authority going forward as it will react and respond to new legislation and measures introduced by these Governments.
- 5.6 The requirement for the Authority to continue to be proactive stems from a suite of internal and external drivers and influences. Continuing energy cost increases are a prime external driver; whilst the need to develop a replacement Carbon Reduction Strategy and the opportunity to take a commercial approach to some of our assets are internal ones. Importantly, we brand ourselves as a “Green” council and we know there is still much to do to maximise our full potential in terms of Green energy credentials.
- 5.7 There is also a changing legislative landscape and a change in focus particularly by Welsh Government. The launch of Welsh Government’s Prosperity for All: Low Carbon Wales in March 2019 outlines the following vision:
- “In 2050, Wales will be among the best places in the world to live, learn, work and do business. Our businesses, public services, third sector and government will have worked together to achieve the goals that we set in the ground-breaking Well-being of Future Generations Act and the target to reduce emissions by at least 80% against the 1990 baseline”.*
- 5.8 Welsh Government advocates a low carbon pathway that requires decarbonisation across a number of sectors, such as power, buildings and transport. This means that the Council needs to ensure that long lived infrastructure for these sectors support low carbon options and avoid locking in high carbon infrastructure and behaviour. It will mean investing in infrastructure in the low carbon economy as soon as possible.
- 5.9 Regionally there is also pressure to accelerate decarbonisation. The draft Cardiff Capital Region Energy Strategy has just been published. The overall objective of the strategy is to develop a strategic pathway identifying key interventions to deliver on the region’s ambitions for decarbonising its energy system. The vision for Cardiff Capital Region is:
- “To create conditions for a transition to a carbon neutral economy and society in the CCR, using low carbon energy as an enabler of economic regeneration, growing our regional income whilst maintaining guardianship of our environment through a laser-focus on clean growth.”*
- 5.10 A report was considered by the Housing and Regeneration Scrutiny on 11th June 2019 and Cabinet on the 26th June 2019 advocating the production of a wider focused Decarbonisation Strategy for the Council. This Strategy focuses on reducing the Council’s **own** carbon footprint and sets out the overarching objective of being a net carbon neutral authority by 2030. There are a number of benefits associated with the Council working towards a net carbon neutral agenda, namely:
- It will help towards tackling the climate emergency by reducing the amount of carbon going into the atmosphere.

- It has social benefits – by making homes more energy efficient it will reduce bills and help tackle fuel poverty.
- It will bring the Council direct financial benefits by reducing our energy bills and our carbon tax.
- It will help us comply with legislation which is likely to become more stringent over time.
- It will help future proof the Council and protect us from sharp price increase in fuel in a volatile market.
- Comply with Welsh Government requirements.

- 5.11 Like a number of strategic documents that the Council produces, the Strategy is accompanied by a more detailed Action Plan that sets out in more granular detail the steps to be taken to meet the main objectives set out in the Decarbonisation Strategy.
- 5.12 In producing the Decarbonisation Strategy, officers have consulted with a range of key stakeholders, both within the organisation and with those interested parties within the wider county borough. A series of workshops was held following the scrutiny report on the 11th June 2019. The final documentation has been moulded to reflect the views expressed at these events.
- 5.13 It should be noted that the Council is already making solid progress on a number of goals within the Decarbonisation Strategy. A number of working groups are actively engaged in progressing activities centred on exciting subject matter such as: encouraging the use of Electric Vehicles, introducing carbon neutral construction techniques, green energy production and agile working.
- 5.14 However the range and extent of projects and activities outlined for delivery in the Action Plan are extensive, wide ranging and require cross departmental and inter-agency collaboration. In order to ensure delivery, it is recommended that a dedicated resource be identified to co-ordinate and oversee this work. A number of senior officers are already engaged with driving forward the Decarbonisation agenda. In order to focus and co-ordinate activity an over-arching Decarbonisation Strategy Group consisting of senior officers from a number of departments will be established. Furthermore, the introduction of a Decarbonisation Officer post would ensure the necessary focus and would also safeguard the plan going forward, making sure that it responds to external influences such as new WG/central government legislation.
- 5.15 As outlined above, this Strategy focuses on interventions that the Council itself can undertake to radically change its own impact on the environment. However, it needs to be clearly outlined that the Council does not currently have the level of resources required to affect change to the scale identified within the Strategy and its supplementary documents. The Council requires “buy in” from Welsh Government in particular to be able to drive forward the proposals within it. A number of the proposals set out within the Decarbonisation Action Plan require extensive financial support from other public sector agencies or require delivery entirely from other bodies or the private sector. To that end, the Decarbonisation Action Plan should be viewed as an aspirational document with the necessary weight and gravitas that will set the foundations for the Council to seek funding and resources externally.
- 5.16 The decarbonisation agenda covers such a broad spectrum that it is difficult to understand and quantify what the overall impact of our Strategy will have at this stage. In order to measure and monitor the impact over its lifetime, it will first be necessary to establish the authority’s carbon baseline across the wide array of activities. It will be necessary to identify emissions values via data capture for Scope 1, 2 and 3 emissions as prescribed by Welsh Government and also identify key carbon contributors to the baseline.
- 5.17 This strategy has been finalised in the midst of the COVID-19 pandemic. At the time of writing, there is uncertainty around its long-term implications, including how the measures put in place to tackle the pandemic may also impact on our lives. The true economic and societal costs of the pandemic for the county borough are not fully clear.

As we move from the immediate emergency response to considering our options for economic recovery, this decarbonisation strategy has the potential to play a significant role in helping Caerphilly county borough recover and rebuild sustainably.

5.18 The Council propose the following path for the adoption of the Decarbonisation Strategy:

Housing and Regeneration Scrutiny Committee – 13th October 2020

Environment and Sustainability Scrutiny Committee – 27th October 2020

Cabinet – 25th November 2020

5.19 Due to the wide ranging scope of the Decarbonisation Strategy it is appropriate to present it to both the Housing and Regeneration Scrutiny committee and also the Environment and Sustainability Scrutiny Committee. The report will then be updated to include the scrutiny committee's comments prior to consideration for adoption by in the late Autumn.

5.20 Following its adoption it is intended to undertake a range of stakeholder engagement events to announce the strategy and gain the necessary 'buy in' from a range of stakeholders and agencies. Post Covid-19 it is unclear how this exercise will be conducted but it is likely that it will be focused on the use of digital platforms.

6. CONCLUSION

6.1 Over the last decade, the Council has worked hard to reduce carbon emissions. However, we need to increase our pace and focus on reducing our carbon footprint; moving us towards being a carbon neutral Council by our target date of 2030. The onslaught of Covid-19 has given this fresh impetus as the Council looks to embrace the change enforced upon us to positive effect.

7. ASSUMPTIONS

7.1 A number of assumptions have been made in this report. The first is that Welsh Government and Westminster will tighten their approach towards decarbonisation and the use of clean energy. The production of WG's Prosperity for All: Low Carbon Wales in March 2019 is a clear indication of their direction of travel. It is also safe to assume that that legislation on carbon reduction will increase over the next 10 years as Central Government look to address the current levels of carbon production.

7.2 Energy prices continue to increase and it is predicted that this rise will continue. Hence it makes economic sense to invest now in reducing energy consumption and consider opportunities for green energy production.

7.3 Fuel poverty exists within the county borough and is particularly focused on areas of deprivation often centred around traditional council housing estates. Clean energy production that tenants can benefit from will help further.

7.4 Covid-19 has had a massive impact on people's working, commuting and living habits. An opportunity exists to maximise the potential of these changes to help deliver our decarbonisation goals.

7.5 Delivering the actions outlined in the plan cannot be the sole responsibility of the Council. National and Regional collective action is required to deliver these changes.

8. LINKS TO RELEVANT COUNCIL POLICIES

8.1 The following Council policies are relevant to the development of an Energy Strategy:

- CCBC Carbon Reduction Strategy 2009-2019
- CCBC Sustainable Development Strategy
- A Foundation for Success 2018-2023
- Caerphilly County Borough Local Development Plan up to 2021

Corporate Plan 2018-2023.

8.2 Carbon reduction and renewable energy generation work supports the following Corporate Well-being Objectives, identified within the CCBC Corporate Plan 2018-2023:

Objective 2 - Enabling employment. The green economy is likely to be one of the fastest growing sectors in the coming years. Development of a Carbon Strategy will incorporate projects which will have the potential to generate significant new jobs. There is also the potential to offer energy at a reduced rate for business to encourage inward investment and jobs.

Objective 3 - Address the availability, condition and sustainability of homes throughout the county borough and provide advice, assistance or support to help improve people's well-being. Making existing houses more energy efficient or retrofitting renewable energy technology has the potential to reduce fuel bills and could move some residents out of fuel poverty. The Strategy will consider the opportunities to increase the sustainability of new building through the Planning process.

Objective 4 - Promote a modern, integrated and sustainable transport system that increases opportunity, promotes prosperity and minimises the adverse impacts on the environment. The inclusion of sustainable transport and in particular electric vehicles, in the proposed Strategy will have the potential to contribute significantly to this objective.

9. WELL-BEING OF FUTURE GENERATIONS

9.1 The development of Carbon reduction and renewable energy projects contribute to several of the Well-being goals within the Well-being of Future Generations Act (Wales) 2015, including:

- A prosperous Wales
- A resilient Wales
- A healthier Wales
- A more equal Wales
- A Wales of cohesive communities
- A globally responsible Wales

9.2 Carbon reduction and renewable energy projects are consistent with the five ways of working as defined within the sustainable development principle in the Act.

9.3 The five ways of working of the sustainable development principle, listed in the Act are:

- Long Term – taking action to improve our energy efficiency and to generate clean energy will enable progress towards a low carbon society that uses resources efficiently it will reduce our dependency on fossil fuels and will reduce the contribution that we make to climate change.
- Prevention – Providing opportunities for the use of ultra-low emission vehicles to help mitigate climate change and reduce air pollution and the resulting health issues.
- Integration – The proposal contributes to the Corporate Well-being Objectives identified within the CCBC Corporate Plan 2018-2023 as set out in section 8.2.

- Collaboration – The proposal will require a collaborative approach with PSB Partners, and others.
- Involvement – Local residents, staff and visitors all have an important role to play in developing and delivering the Strategy and will be involved at all stages of the work.

10. EQUALITIES IMPLICATIONS

- 10.1 The Decarbonisation Strategy will actually have a positive effect on those targeted categories. For instance, making homes more energy efficient will reduce fuel bills and is a key tool in reducing fuel poverty. In addition, improving access to efficient, integrated transport will enable residents to access employment and will help to tackle inequalities.
- 10.2 An EIA screening has been completed in accordance with the Council's Strategic Equality Plan and supplementary guidance. No potential for unlawful discrimination and/or low level or minor negative impact has been identified, therefore a full EIA has not been carried out.

11. FINANCIAL IMPLICATIONS

- 11.1 As identified above, there will be a requirement for upfront investment to implement the necessary change. The Council, through its own internal budget management will strive to instigate change where it can and it will look to secure financial support from a range of external sources to ensure delivery. It should be noted that many of the actions can be considered as invest to save proposals that will bring a return over time, allowing the Council not only to meet its decarbonisation targets but also to become more efficient and economical, particularly with its energy consumption.
- 11.2 The authority will need to consider an allocation of capital from its capital reserves to initiate some of the projects identified within the suite of documents as payback on energy projects is often medium to long term.
- 11.3 Projects highlighted in the Energy Prospectus will require a similar approach. Further interrogation to establish which are feasible and viable options for the Council to pursue are required at a cost. The Council is looking at a number of ways of financing this initial work. Once projects have been prioritised they will require business plans including more detailed design and the analysis of financial plans. Again the Council will look at a number of financing options including using its own monies and grant aid. While the Council will look at funding the construction/implementation of these projects, it is aiming to deliver a number of projects that will pay for themselves over time. It must however be acknowledged that the end of the feed in tariff rate means that some renewable energy payback periods will be considerable.
- 11.4 Business Cases including detailed costings and funding requirements will be prepared for specific projects moving forward and will be subject to further reports. These business cases/plans will be reviewed by the Regeneration Project Board with recommendations being made to Cabinet where required.

12. PERSONNEL IMPLICATIONS

- 12.1 A number of senior officers are already engaged with driving forward the Decarbonisation agenda. In order to focus and co-ordinate activity an over-arching Decarbonisation Strategy Group consisting of senior officers from a number of departments will be established.
- 12.2 It is recognised that a dedicated Decarbonisation Officer post would help co-ordinate and focus the activity of the wider group and help deliver change more effectively. Financing this

post is currently being investigated.

13. CONSULTATIONS

13.1 This report reflects the responses received from consultees.

14. STATUTORY POWER

14.1 Local Government Measure 2009.
Local Government Acts.

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Consultees: Cllr Sean Morgan, Deputy Leader and Cabinet Member for Economy and Enterprise
Cllr Lisa Phipps, Cabinet Member for Housing and Property
Cllr Andrew Whitecombe, Chair of Housing and Regeneration Scrutiny Committee
Cllr Christine Forehead, Vice Chair of Housing and Regeneration Scrutiny Committee
Cllr Tudor Davies, Chair of Environment and Sustainability Scrutiny Committee
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Background Papers: None

Appendices:

- Appendix 1 – Draft Decarbonisation Strategy
- Appendix 2 – Draft Decarbonisation Action Plan
- Appendix 3 – Draft Energy Prospectus