

Enabling Net Zero Business Case and Programme

To: Environment and Green Investment Committee

Meeting Date: 7 July 2022

From: Steve Cox, Executive Director of Place and Economy

Electoral division(s): All

Key decision: No

Forward Plan ref: n/a

Outcome: Strategic alignment and mobilisation of the whole Council to deliver the Council's Net Zero by 2030 and 2045 ambitions as set out in the approved Climate Change and Environment Strategy.

Recommendation: Committee is asked to:

- a) Approve the Business Case for the Phase 1: Enabling Net Zero Programme attached in Appendix 3
- b) Approve the Phase 1: Enabling Net Zero Programme set out in Appendix 4
- c) Approve the principle of 'Net Zero by Design' as set out in paragraph 2.4
- d) Delegate the implementation of the Phase 1 Enabling Net Zero Programme to the Executive Director of Place and Economy and Assistant Director Climate Change and Energy Services, in consultation with the Chair and Vice-Chair of Environment & Green Investment Committee.

Officer contacts:

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1. Background

- 1.1 In May 2021, the Joint Administration Agreement identified the climate emergency as one of the top priorities for the Council and that environment and sustainability is reflected into the Council's Strategic Framework 2022-2023 as a key priority.
- 1.2 A new Climate Change and Environment Strategy was adopted at Full Council in February 2022. The strategy covers three themes: mitigation of carbon emissions, adaptation to the impacts of climate change and building natural capital. To drive change, targets have been agreed as set out below:
- The Council will reduce emissions from its buildings and fleet transport to net zero by 2030 (scopes 1&2)
 - The County Council will reduce its supply chain emissions (all scope 3) by 50.4% by 2030
 - Cambridgeshire carbon emissions will be Net Zero by 2045
 - The Council will support Cambridgeshire communities and businesses to decarbonise by 2045
 - All Council buildings and infrastructure will be resilient to climate change impacts by 2045
 - Improvements to the biodiversity across the Council's estate by 2030
 - Understand and grow Cambridgeshire's natural capital account to benefit people and nature by 2025
- 1.4 In February 2022 Full Council approved a £14m Just Transition Fund to support key Council priorities and Strategy and Resources Committee approved the criteria for the Fund in March 2022. Net Zero is a key criterion whilst ensuring the most vulnerable in our community are helped and supported in the net zero transition. Please see Appendix 1

2. Main Issues

2.1 Accelerating Net Zero Delivery

Government's Net Zero Strategy (October 2021) introduced for the first time, the relationship between national policy and local delivery to get to Net Zero. However, there remains a lack of a clear mandate for local authorities to own the local net zero agenda, which exacerbates local delivery challenges. To deliver a 78% reduction in carbon emissions by 2035, Local Authorities must prepare delivery and funding pathways now for key sectors such as buildings and transport to cut carbon emissions.

- 2.2 Recent research by PwC in partnership with University of Leeds and Otley Energy found that 'place-based' carbon reduction measures would produce far better environmental, economic, and social results, at lower cost, than a national 'one size fits all' approach. This research shows significantly better outcomes can be achieved when places tailor their net zero delivery to the needs and opportunities of the area. There is debate in government on the scale of the benefits identified by this research however, the blockers and barriers to the local delivery environment remain. These include lack of knowledge of how and what to do, high upfront costs, mistrust in technologies, inconvenience, and supply skill deficits.

2.3 In just eight years, the Council must achieve Net Zero for its buildings and fleet and a 50.4% reduction on purchased goods and service. With a budget of £937m for 2022/23 the Council can levy significant influence in the market and supply chain to shift delivery towards Net Zero whilst also realising some of the wider social value benefits for its businesses and communities. Please see Appendix 2 for the Carbon Reduction Trajectories for Scopes 1, 2 and 3.

2.4 Net Zero by design

The Council must build a more consistent and informed approach to Net Zero across the Council. One way to achieve this is to set the principle of designing everything to Net Zero. By setting this Net Zero principle, as a starting point, it will help Council staff and Members to explore what this means for services and identify those areas where more knowledge is needed. It will also build confidence in staff to have discussions with supply chains, support wider market development, introduce new technologies to test how technology can add benefits. It will also identify barriers to change such as infrastructure deficits, but it is important these are recognised now to help everyone plan better for the future. This principle will need to build on the learning from the Council's work on social value, community wealth building, decentralisation, and triple bottom line. Net Zero by design will be a journey for everyone in the organisation affecting change over time.

Only through doing this, setting the principle, can the wider co-benefits to communities be realised. For example, by cutting fossil fuels, encouraging more walking, and cycling for journeys, air quality and physical fitness improvements can be realised leading to better health outcomes and reducing future demand on health services.

2.5 Good work is already underway

There are many positive actions already underway across the Council, our communities, and partners. The Council has cut fossil fuels in twenty-two Council buildings for heating and hot water; is designing new low carbon schools and care homes; improving energy efficiency and scoping sustainable procurement policies. However, this work needs to be better connected, more understood, driven more strongly by the organisation and developed into work programmes that support all services to align with and deliver the Net Zero agenda.

2.6 Mobilising the Council to achieve Net Zero

A series of eight workshops were held between February and May 2022 with key internal stakeholders, public health, and partners, to identify what is needed to mobilise change and delivery. The key outputs from these discussions included professional upskilling; more granular data for services to inform low-regret solutions; the development of decarbonisation plans in high emitting sectors of the Council and knowledge to identify how to decarbonise services and deliver in the most cost-effective way. In addition, further work is required to identify and understand the wider co-benefits for health, fuel poverty, supply chain development and realising local benefits as suggested by the PwC research report.

2.7 As a result of the workshops, a three-phase delivery programme is proposed to achieve the Council's climate ambitions. Phase 1 will look to mobilise the organisation at scale and inform the subsequent phases as set out below.

- Phase One: '**Enabling Net Zero**' – addressing the barriers to delivery and creating the right organisational structures to drive the pace of delivery for 2030 and 2045 targets
- Phase Two: '**Action Net Zero**'- implementation of key Plans to achieve 2030 Net Zero
- Phase Three: '**Benefiting locally from Net Zero**' – realising the wider social, environmental, and economic benefits and finding solutions for 'hard to treat' carbon for Net Zero by 2045

2.8 Enabling Net Zero – Phase 1

To facilitate Phase 1, an initial focus in the following key areas is required:

- Internal Governance and prioritisation of the Council's Climate change ambitions
- Accountability and structure to drive performance
- Finance and investment, greening finance and funding the Net Zero deliverables
- Data and intelligence
- Technical competence
- Supply chain development and procurement
- Workforce knowledge and behaviours
- Prioritisation between short term wins and building blocks for long term change

2.9 A business case (Appendix 3) has been developed to identify the resources needed to deliver Phase 1. This investment will support the organisation to become 'match fit' to deliver Net Zero and the wider benefits for our communities. The aim is to invest in a range of enabling actions during the next 12 months which provide the Council with clear delivery plans for the key high emitting services, to move into Phase 2 and 3. Phase 1 will continue to focus efforts into the rest of our services to support decarbonisation whilst the high emitting services move into Action. **A total of £2.175 m over four years** is identified for phase 1 and requested from the Just Transition fund. The investment will be front loaded during the first year to get the knowledge and plans in place that will then help the Council to apply for and win government grants and competitions to support delivery of the decarbonisation plans.

2.10 Without investment into enabling activities, especially the technical competence, data and financing areas, the Council will not have sufficient expertise or granular intelligence to inform how to achieve Net Zero at best value or realise the wider community health, wealth, and environmental benefits.

2.11 Governance to tackle climate change

The ambition of the Climate change and Environment Strategy is for the whole organisation to align delivery to achieve Net Zero. To embed this priority across the organisation, leveraging the leadership, power, and drive of the Corporate Leadership Team (CLT) to achieve Net Zero is important. CLTs role will be to balance the many competing

organisational priorities and resource demands whilst ensuring both short- and long-term planning for change.

2.12 At CLT, the Executive Director for Place and Economy will be the responsible officer for the delivery of the Net Zero Programme. New internal governance arrangements will be established to drive delivery of the programme across the Council and encourage a 'one team' approach to delivery. This should also avoid siloed thinking, share best practice, and remove duplication of work. The Net Zero Programme Board will also develop the wider Phase 2 and Phase 3 work programmes, and this can be found at the end of the business case attached as part of Appendix 3.

2.13 Environment and Green Investment Committee retains strategic lead and oversight of the Net Zero targets; however, it is recognised that each committee should have their own set of responsibilities and outcomes contributing to the Net Zero targets to own and monitor.

2.14 Financing Net Zero delivery

The Phase 1 Enabling Net Zero programme will build the foundations for financing and resourcing Phases 2 and 3. There are many options to explore including:

- Identifying how to use Council assets to support green projects e.g., anchor loads for heat networks, land for solar farms.
- Developing and testing new business model and finance products e.g., green bonds or carbon credits which can benefit environmental projects and offer societal returns.
- Procuring goods and services in a way that supports low carbon jobs, builds supply chains, and cuts emissions.

Please see Appendix 4, a diagram extracted from the Climate Change and Environment Strategy, describing where and how the funding for Net Zero will develop.

2.15 Data and Intelligence

Current data collection is at an aggregated and high level e.g., transport or waste and is not at a granular level to inform service re-designs. Focussing on data will provide greater insight and intelligence to design robust interventions. Initial work will concentrate on carbon baselining and then layer technical insights into types of decarbonisation activity and their impact on overall targets and trajectories.

2.16 Supply Chain development and Procurement

Most goods and services procured by the Council sit in the Council's scope 3 emissions. Ninety six percent of the Council's emissions are scope 3 and reducing these emissions are important. There are several ways the Council will engage with businesses and services to drive down emissions including setting up a climate change charter for suppliers to sign up to; undertaking soft market testing with supply chain, providing carbon calculators to identify and compare emissions; signposting SMEs to access carbon advisory services and

supporting suppliers with the Decarbonisation Fund for local inseting for hard-to-treat carbon emissions.

2.17 Workforce Knowledge and Behaviours

To embed Net Zero and improve environmental decision making, council officers must become carbon literate and technically competent in understanding carbon emission reductions. Upskilling the existing workforce, targeting recruitment for new skills, and developing policies and behaviours across the whole organisation to design out carbon will help bring change more swiftly.

2.18 Programme Management and Reporting

A logic model has been developed to link actions and outcomes and create a robust programme. This will be monitored on monthly basis and regular progress reports provided to CLT and Committee.

3. Alignment with corporate priorities

3.1 Environment and Sustainability

The report sets out how to improve environmental decision making across the Council to drive forward Net Zero at pace and scale.

3.2 Health and Care

Investing in measures and interventions that tackle climate change also bring health benefits to our communities. The Enabling Net Zero programme is looking to identify and bring these benefits to life.

3.3 Place and Communities

The Enabling Net Zero Programme will develop decarbonisation plans for high emission sectors such as construction, waste, buildings, and highways. Service re-design will be informed by data and discussions with communities.

3.4 Children and Young People

Delivering carbon emissions reductions and opportunities for local wealth creation will create a more sustainable future for young people.

3.5 Transport

Highway's assets play a key role in the decarbonisation of transport through locations for EV charging infrastructure, providing more space for cycling, walking and public transport to cut car miles or reducing emissions in the construction and maintenance of highways through recycling materials.

4. Significant Implications

4.1 Resource Implications

The business case set out in Appendix 3 identifies the resources to deliver the Enabling Net Zero, Phase 1 programme.

4.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications. However, procurement will play a key role in delivering the Net Zero ambitions as set out in paragraph 2.16 and that any procurement activity will be compliant with the Council's Contract Procedure Rules.

4.3 Statutory, Legal and Risk Implications

The Enabling Net Zero Programme could highlight tensions between statutory service delivery and the ambitions for Net Zero. The Council will need to consider future climate risk impacts if sufficient action is not taken today.

4.4 Equality and Diversity Implications

The impacts of climate change could fall disproportionately on those that can least help themselves. This programme is seeking to manage the risks and support the most vulnerable.

4.5 Engagement and Communications Implications

Engaging staff, members, partners and businesses will be an important element of the programme. It is through everyone's participation and upskilling that the significant net zero benefits can be achieved.

4.6 Localism and Local Member Involvement

There are no significant implications.

4.7 Public Health Implications

A workshop with Public Health colleagues identified areas where Net Zero delivery can realise Health and Well Being priorities. A key part of the Phase 1 programme will be to map and monitor these benefits.

4.8 Environment and Climate Change Implications on Priority Areas (See further guidance in Appendix 2):

The Net Zero Programme will support the delivery of a range of actions that will deliver benefits across these implications.

4.8.1 Implication 1: Energy efficient, low carbon buildings.

Positive/neutral/negative Status: Positive

Explanation: Decarbonisation Plans for all CCC buildings will be developed within 12-18 months.

4.8.2 Implication 2: Low carbon transport.

Positive/neutral/negative Status: Positive

Explanation: Electrification of the Council's fleet to reduce scope 1 emissions is in the programme.

4.8.3 Implication 3: Green spaces, peatland, afforestation, habitats, and land management.

Positive/neutral/negative Status: Positive

Explanation: Resources to support the implementation of the Trees and Woodland Strategy have been included along with resourcing to support decarbonisation planning on the rural estate.

4.8.4 Implication 4: Waste Management and Tackling Plastic Pollution.

Positive/neutral/negative Status: Positive

Explanation: Working with Recap and the waste contract to minimise waste and emissions.

4.8.5 Implication 5: Water use, availability, and management:

Positive/neutral/negative Status: Neutral

Explanation: Just transition Funding is being sought in a separate paper for Flood Risk Management.

4.8.6 Implication 6: Air Pollution.

Positive/neutral/negative Status: Positive

Explanation: Reducing carbon emissions improves air quality

4.8.7 Implication 7: Resilience of our services and infrastructure and supporting vulnerable people to cope with climate change.

Positive/neutral/negative Status: Positive

Explanation: Upskilling colleagues will help inform service re-designs and plan for risk mitigation to minimise impacts of climate change on vulnerable people

Have the resource implications been cleared by Finance? Yes

Name of Financial Officer: Tom Kelly and Stephen Howarth through business case sign off

Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement? Yes

Name of Officer: Clare Ellis

Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or LGSS Law? Yes

Name of Legal Officer: Fiona MacMillan

Have the equality and diversity implications been cleared by your Service Contact?

No

Name of Officer: Sent on 21/06/22

Have any engagement and communication implications been cleared by Communications?
Yes

Name of Officer: Amanda Rose

Have any localism and Local Member involvement issues been cleared by your Service Contact? Yes

Name of Officer: Sheryl French

Have any Public Health implications been cleared by Public Health?
Yes

Name of Officer: Iain Green

If a key decision, have any Environment and Climate Change implications been cleared by the Climate Change Officer?

Yes

Name of Officer: Emily Bolton

5. Source documents

5.1 Source documents

In 2008, UK [Climate Change Act](#), committing the Government to cut national greenhouse gas (GHG) emissions by at least 80% from 1990 levels by 2050, and agree progressive 'carbon budgets' to drive progress toward this target. In 2019, this was amended to require the UK to bring all GHG emissions to Net Zero (NZ) by 2050.

The Climate Change and Environment Strategy is made up of 3 documents:

- [Part 1 – Climate Change & Environment Strategy](#)
- [Part 2 – CCES Technical Report](#)
- [Part 3 – CCES Action Plan](#)
- [PwC Report](#), '[Accelerating Net Zero Delivery: Unlocking the benefits of climate action in UK city-regions](#)'

5.2 Location

As above

Appendix 1 – The Just Transition Fund

The Just Transition funding will be considered for projects which are able to demonstrate, with measurable benefits, a significant impact for Cambridgeshire on one or more of the following:

Environmental Sustainability:

- Net Zero or a carbon reduction
- Significantly improving the natural environment

Addressing Poverty and Inequalities:

- Reduce the proportion of residents living in poverty through social mobility, improving health and wellbeing, job and employment prospects, education or ensuring fair access to resources

Sustainable Economy and Public Sector Spending:

- Producing tangible savings, further income generation or reducing demand for services, to ensure sustainability for the Council's finances
- Promoting the circular economy
- Contributing to economic development which is in keeping with the Just Transition ethos

Flooding:

- Flood mitigation and prevention
- Creation of infrastructure to support places

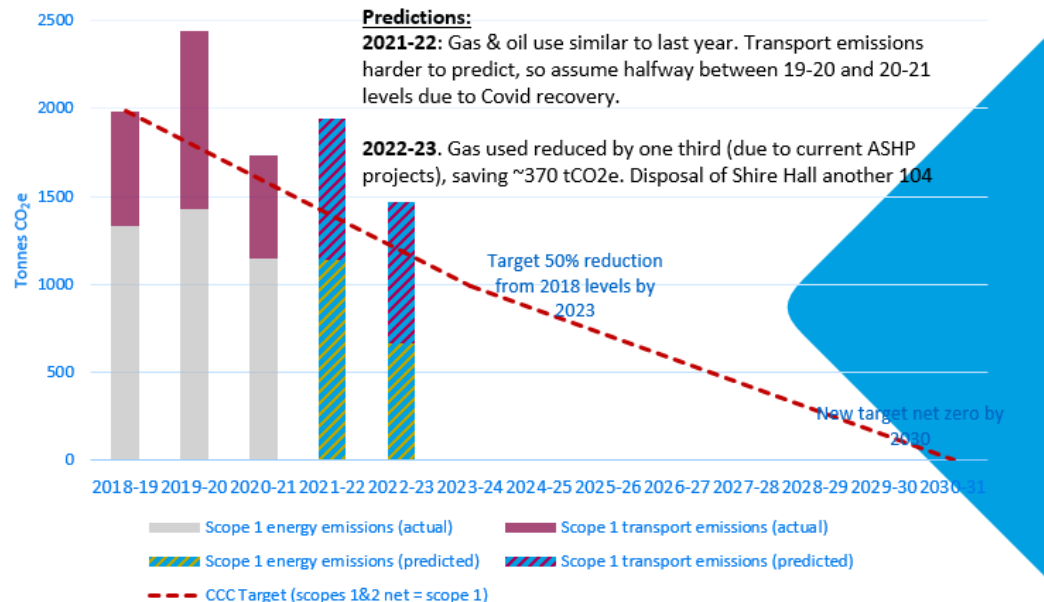
Appendix 2: Progress on carbon reductions

Trajectory – Scopes 1&2



CCC annual GHG emissions vs target, scopes 1 and 2

- This is what we estimate our scope 1 emissions to be with the actions and resources already underway, not the new ask that we are putting new resources. We are not starting from scratch and some things are already reducing carbon emissions
- And then we need to update this trajectory based on the new actions and resources going in.

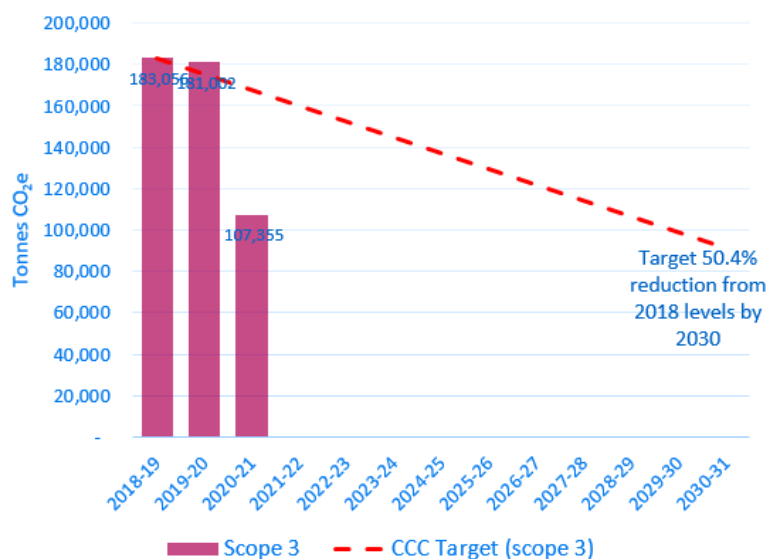


NB. Scopes 1&2 net is the same as scope 1 only, as long as we keep purchasing 100% renewable electricity (meaning scope 2 = zero).

CCC Scope 3 emissions - progress against target / trajectory

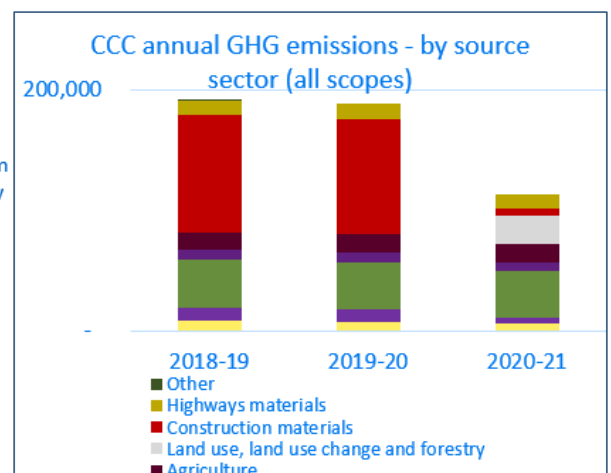


CCC annual GHG emissions vs target, scope 3



We do not have predictions of scope 3 emissions for future years. However, without further interventions, every year is likely to be similar to 2019-20.

2020-21 was exceptionally unusual year due to Covid.



Appendix 3: Enabling Net Zero – Phase 1 Business Case

Separate attachment

Appendix 4: Financing Net Zero

(An extract from the Climate Change and Environment Strategy 2022)

Net Zero Cambridgeshire 2045: Financing the change

Where will funding come from to deliver our ambitions?

