



**REPORT TO: ECONOMIC DEVELOPMENT AND INFRASTRUCTURE
SERVICES COMMITTEE ON 2 MAY 2023**

SUBJECT: CLIMATE CHANGE PLAN AND ROUTE MAP TO NET ZERO

**BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND
FINANCE)**

1. REASON FOR REPORT

- 1.1 To ask the Committee to approve the update to the Route Map to Net Zero (RMNZ), approve in principle an updated climate change action plan subject to consideration as part of the financial planning process, approve a climate change engagement strategy, and note progress with the actions approved within the Climate Change Strategy (CCS) for 2020-2030.
- 1.2 This report is submitted to Council in terms of Section III (F) (33) of the Council's Scheme of Administration relating to providing, developing and monitoring the Council's Economic Development and Infrastructure Services.

2. RECOMMENDATION

2.1 It is recommended that Committee:

- (i) approve the updated RMNZ as set out in Appendix 1, the updated Climate Change Actions in Appendix 2, and the Climate Change Engagement Strategy in Appendix 3;**
- (ii) notes that while the latest data available indicates that 2030 remains in the range of possible dates when net zero will be met, to ensure this is achieved the Council must commit to an aspirational approach to reducing carbon emissions in key areas but that the ability to implement such an approach is currently questionable without significant external funding; and**
- (iii) notes the ongoing budget pressure arising from statutory climate change measures (as set out in section 1.2 of Appendix 1) for which external funding is essential.**

3. BACKGROUND

- 3.1 Climate change is arguably the biggest challenge that we and future generations will face. On the 27 June 2019 the Council made a Declaration which recognised that climate change is an ecological emergency, and that the Council needs to take necessary actions to protect our area, country and planet (para 6 of the Minute refers).
- 3.2 In response to the commitments made in the declaration, on the 10 March 2021 (para 13 of the Minute refers) the Council adopted the CCS for 2020-2030. The strategy set a goal of the Council being carbon neutral for direct emissions by 2030 and that the Council, its officers and members will work with others across Moray to deliver that goal.
- 3.3 When the CCS was approved it was agreed that there was a need to develop a detailed route map to set out a pathway how the Council could reach net zero emissions by 2030 and forecast how emissions will be reduced through the Council's actions. This was adopted by Council on 6 April 2022 (para 18 of the Minute refers) with the RMNZ to be updated annually with up to date data on current emissions and future projections.

4. ROUTE MAP TO NET ZERO

- 4.1 The RMNZ in Appendix 1 sets out the current pathway to net-zero for the Council by 2030 by explaining actions to target the councils major emissions sources; buildings (electricity and heat), fleet, waste, and operating emissions. The changes from the previous RMNZ are set out in Section 4 in **Appendix 1** and in sections 4.3-4.5 below.
- 4.2 In 2021/22, the Council's recorded carbon emissions were 24,490 tonnes of carbon dioxide equivalent (tCO₂e) – an increase of 2,014 tCO₂e (9%) compared to reporting year 2020/21. This increase in the Council's recorded carbon emissions during 2021/22 is principally the result of services returning to 'business as usual' following the operational changes necessitated by the Covid-19 pandemic and this increase was predicted within the Council's RMNZ. It should be noted that the 2021/22 figures represent a reduction of almost 1,000 tCO₂e from the pre-pandemic submission of 2019/20.
- 4.3 As is shown in Figure 13 of **Appendix 1**, the areas with the greatest potential for securing further reductions are reducing thermal demand in buildings through energy efficiency improvements and the replacement of gas boilers with air source heat pumps or other low or zero carbon alternatives. At present, it is difficult to be certain there will be enough progress in the decarbonisation of the council building stock to ensure the net zero targets are met without unnecessary offset. The current state of some of the buildings are unknown, and so the works required to bring them to net zero is uncertain.
- 4.4 As set out in the Energy Consumption Action Options and Decarbonisation of Corporate Buildings report to this Committee on 7 February 2023 (paragraph 18 of the draft Minute refers) the need where possible to progress a 'fabric first' approach to building design to reduce energy use may delay the replacement of heating systems in order to ensure older buildings have an

adequate level of insulation required for low carbon heating systems. The difficulties in fleet decarbonisation were also set out in the Update on Zero Emission Fleet Replacement Strategy report to this Committee on 7 February 2023 (paragraph 10 of the draft Minute refers). The impacts of these concerns and the altered timelines are reflected in the carbon reduction projections in this update to the routemap.

- 4.5 The current exercise to capture a programme of work to make the public building stock carbon neutral will allow accurate figures to be calculated for financial costs and emissions reductions to assist decisions the council makes on how to progress. To progress this programme it is essential that the smarter working (formerly office review) and the depots and stores reviews are completed during 2023-24 to allow subsequent actions to progress at a pace that will allow the council to reach net zero by 2030.
- 4.6 If the Council progresses decarbonisation of its buildings and fleet as a priority, and all decisions on future change are made by 2025, then a more accurate assumption can be made of residual emissions and the need for carbon sequestration through inset/offset. This will give a milestone for the council to recommit to the 2030 net zero target knowing the costs and carbon offset.
- 4.7 As shown in Figure 15, the annual emissions forecast of the council's current pathway is shown within a range of estimates to highlight the uncertainties around current estimates of carbon reductions. In addition to the current pathway, the estimated range in emissions between an aspirational and restricted approach are shown.
- **Current pathway** - a realistic timescale built around the expected work programme of the council but, until otherwise informed, presumes a more restricted approach to aspects which are not yet agreed such as building heat decarbonisation.
 - **Aspirational approach** – the quickest possible timescale to get works done to meet the council's net zero target. It is assumed that finances will be available to invest in projects which will reduce future costs. Timings take into account any technical issues which may prevent work completion over a shorter timescale
 - **Restricted approach** – a slower timescale than the current pathway where, for whatever reason, additional resources are not prioritised for climate change. This would have the consequence of missing the 2030 deadline and missing opportunities to reduce carbon early. This may result in requiring substantially more investment over a shorter period of time to achieve the statutory deadlines.
- 4.8 It is accepted that there are practical reasons why all of the Council public buildings and fleet will not be converted to net zero by 2030. The Council will have to develop an offsetting strategy to plan how to sequester residual emissions to balance out these areas if it is to meet the 2030 target. Part of these emissions can be offset by managing current land and woodland to maximise carbon sequestration. Funding secured from the Just Transition Fund is being used to baseline the carbon emissions of Council landholdings, to identify land types that can be improved, and to give advice on how to develop an offsetting project for the Council and for the wider Moray area.

- 4.9 By taking an aspirational approach to carbon reduction it is still feasible for Moray Council to achieve net zero by 2030 if key decisions on building decarbonisation and rationalisation of the estate are taken, and progress is made to consistently improve fleet vehicles, reduce waste, and improve insulation, heating, and hot water systems over the next seven years. However, the expected level of capital spend means that securing external funding for measures such as decarbonising council buildings will be essential if the target of 2030 is to be met. Although increasingly all external funding has net zero as a condition of grant regardless of the main purpose, the level of work required to decarbonise public buildings will require specific additional funding just for that purpose.

5. ACTION PLAN

- 5.1 The updated Climate Change Action Plan is included in **Appendix 2**. Progress on these actions are reported to the Climate Change Board on a quarterly basis and updated to this committee on an annual basis. Amendments to the actions have been agreed at the Climate Change Board. Details of amendments and completed actions are highlighted at the start of the appendix.

6. ENGAGEMENT STRATEGY

- 6.1 The Climate Change Engagement Strategy is included in **Appendix 3**. As instructed in the original Strategy and Action Plan, climate change officers have prepared an engagement strategy to accompany the Climate Change Plan and Route Map to Net Zero. The engagement strategy supports the council's journey to net zero by outlining a framework for engagement and associated actions from the Route Map. It does not include any additional actions or place additional expectations upon officers, but will act as a guide to all departments in how to communicate and engage on climate and biodiversity related issues consistently and effectively. It will also keep a record of which actions within the wider Strategy and Route Map have engagement elements.
- 6.2 Recent reduction in staff capacity means there is less capacity for climate change engagement activity within the wider Moray community. However, engagement-related actions from the Route Map are led by officers across the council and its partners, many of which are fulfilling statutory functions (e.g. Local Development Plan). The adoption of this strategy should therefore support climate change action to become embedded across the council and climate change implications to be considered in all engagement activity and communications with staff, communities and businesses.

7. NEXT STEPS

- 7.1 The council's emissions will continue to be reported annually through the Public Bodies Climate Change Duties statutory report each November, with the latest data brought to Committee.

- 7.2 This RMNZ will be periodically reviewed and refined as more projects are scoped out and more clarity is obtained in terms of carbon emissions from decarbonisation trends, future technologies or offsetting mechanisms and accounting.
- 7.3 An annual progress report on the route map will continue to be brought to this Committee each year and will provide regular updates against actions and emissions progress.
- 7.4 As stated earlier, the additional work to reduce emissions contained in the RMNZ will require substantial funding over the next ten years and the ability to commit to this will need to be considered through the council's financial planning process. While much of the initial planning for these changes should be able to progress using existing budgets, significant additional resources to progress these actions will be required to move towards implementation and given the current financial position, the ability to identify these additional resources is questionable in the absence of significant external funding .
- 7.5 Apart from access to capital resources, there are actions that could be taken to lower these risk factors and these are identified in page 23 of Appendix 1. Adopting some of these suggestions would allow more capacity within services and ensure a more aspirational pathway could be progressed. Suggestions of actions to create additional capacity within the council are as follows:

Building heat	Dedicated staff resource to manage building decarbonisation. To initially focus on planning of appropriate interventions on a building by building basis and then lead on implementation.
Transport	Dedicated project management resource within fleet to progress decarbonisation project and keep pace with the rapidly expanding LEV marketplace.
Waste	Create dedicated waste education resource within council or support equivalent third sector project
Operating Emissions	<p>Include appropriate reporting in service plans to ensure climate change is a sectional priority and service change is progressed. This could be rolled out as part of the engagement around updating the CCS.</p> <p>Expand our roll out of Carbon Literacy Training and require key individuals to participate.</p>
Nature & Biodiversity	An offsetting/biodiversity strategy (such as works to change land management regimes, purchase of additional land, and tree planting to sequester emissions) will be set out in a subsequent report, and presented to Council through the appropriate channels. The work to implement these actions will need budgetary approval to progress the work in an offsetting strategy. The creation of dedicated project management resource within Open Spaces to progress practical biodiversity and decarbonisation work.
External Influence	Increase resources for climate change community engagement.

- 7.6 Given the £20m budget gap and ongoing reviews of the Corporate Plan and Medium to Long Term Financial Plan, officers cannot currently recommend that these additional resources are earmarked to enable progress along a more aspirational pathway. This will however have implications in terms of progress towards meeting the 2030 target, and the state of preparedness to recommit to this in 2025.

8. **SUMMARY OF IMPLICATIONS**

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

The CCS supports the priorities set out in the Corporate Plan and 10 Year Plan. The Council has declared a climate change emergency, a nature emergency, and the measures set out in the CCS seek to create a resilient, biodiverse, fair and more sustainable future for everyone within Moray.

The strategy is aligned to deliver the priorities:

- Ensuring a just transition for all in the shift to a low carbon economy;
- Addressing inequalities of fuel poverty;
- Empowering individuals and communities through education and information provision to make informed choices with respect to climate change;
- Protecting and enhancing the world we live in to protect it for the future; and
- Being innovative in identifying solutions for cost reduction and income generation opportunities.

(b) Policy and Legal

Climate Change (Scotland) Act 2009 places a duty on public bodies to act in a way they consider most sustainable and in the way best calculated to contribute to the delivery of Scotland's climate change targets; in the way best calculated to help deliver any programme for climate change adaptation laid before the Scottish Parliament; in a way it considers most sustainable. The 2030 target adopted by the Council reflects an accelerated route to net zero beyond that currently set by legislation

Climate change is increasingly being embedded in all government policies ranging from Infrastructure delivery, energy policies and NPF4 and these will influence the majority of council policies moving forward.

(c) Financial implications

To achieve a position of net zero carbon emissions by 2030 will require significant capital investment as well as additional revenue investment to bolster staffing resources. This will be subject to consideration as part of the financial planning process and reflecting relative corporate priorities within a very constrained financial envelope.

£500,000 from Council reserves has been set aside for one-off funding in the capital plan for 2023/24 to support initial steps. However, progressing actions from the Electric Vehicles, Buildings, and Hydrogen Strategies, and offsetting plans that are not covered by current approved plans will

require additional budgetary approval through the normal process if they are to progress.

(d) Risk Implications

Climate change is arguably the biggest challenge that we face in our lifetime and for future generations. It poses significant risks to our health, our economy, our environment, and endangers the wellbeing of future generations. There is a risk that the Council's aim of being net zero by 2030 will not be realised if the actions within the CCS including decarbonisation of Council fleet and buildings are not progressed as a priority.

(e) Staffing Implications

There are no direct staffing implications leading from this report.

(f) Property

The outcome of the buildings decarbonisation strategy will impact on council housing, corporate buildings and the Learning Estate. These implications will be set out in more detail as the key actions relating to Property are progressed.

(g) Equalities/Socio Economic Impact

Climate Change will impact on every service area delivered by the council. It has the potential to impact on equalities for example in respect of support for active travel and fuel poverty which will have a positive socio-economic impact.

Climate change will lead to more extreme adverse weather events in Moray which will have a disproportionate impact on those already in poverty or with the inability to adapt to this change.

(h) Climate Change and Biodiversity Impacts

The RMNZ will help focus attention on the actions required to ensure the council is on track for the 2030 net zero target. Reducing emissions will help the global climate emergency and allow the council to lead by example. Tree planting and nature restoration to assist in carbon sequestration could be used to help promote biodiversity and amenity.

(i) Consultations

Consultations have been undertaken with the Chief Executive, the Depute Chief Executive (Economy, Environment and Finance), the Head of Economic Growth and Development, the Head of Governance, Strategy and Performance, the Head of Housing and Property, the Head of Environmental and Commercial Services, the Head of Education Resources and Communities, the Legal Services Manager, the Energy Officer, the Equal Opportunities Officer, the Chief Financial Officer and Lissa Rowan (Committee Services Officer). Where comments have been received, these have been included within the report.

9. CONCLUSION

- 9.1 This report provides an update on progress to the council target of being carbon neutral by 2030. While the current pathway the council is on means that 2030 remains in the range of possible dates when net zero will be met, doing so will require adoption of a more aspirational pathway for which funding has not as yet been identified.**
- 9.2 Decisions around buildings and depot infrastructure must be made to allow for a more accurate estimate on the offset needed for the 2030 target.**

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Background Papers:
Ref: