

Committee: Overview and Scrutiny Commission

Date: 24 June 2020

Wards: All Wards

Subject:

Lead officer: Director of Environment and Regeneration, Chris Lee

Lead member: Cabinet Member for Adult Social Care, Health and the Environment, Cllr Tobin Byers

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Recommendation for Overview and Scrutiny Commission:

- A. To discuss and comment on the 2020 Climate Strategy and Action Plan so that Cabinet can take scrutiny's views into account when considering the Strategy at its meeting on 13th July 2020.
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Draft Recommendations for Cabinet 13 July 2020:

- A. That Cabinet recommends the 2020 Climate Strategy and Action Plan to Council for adoption.
 - B. That Cabinet notes the significant cost to the Council and to the residents and businesses of Merton to become zero carbon, as well as the need for a national Green recovery programme to shift towards a zero carbon economy and a more sustainable future.
 - C. That Cabinet recommends to Council that it lobby for further funding and policy changes at national level to support and accelerate the delivery of the 2020 Climate Strategy and Action Plan.
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Draft Recommendations for Council 16 September:

- A. That Council adopts Merton's 2020 Climate Strategy and Action Plan (see Appendix 1).
 - B. That responsibility for overseeing the delivery of the 2020 Climate Strategy and Action Plan is delegated to Cabinet.
 - C. That Council notes the significant cost to the Council and to the residents and businesses of Merton to become zero carbon as well as the need for a national Green recovery programme to shift towards a zero carbon economy and a more sustainable future.
 - D. That the Council lobby for further funding and policy changes at national level to support and accelerate the delivery of the 2020 Climate Strategy and Action Plan.
 - E. That delegated authority is given to the Director of Environment and Regeneration, Chris Lee in consultation with the Cabinet Member for Adult Social Care, Health and the Environment, Councillor Tobin Byers, to make minor amendments before publication.
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1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. The Climate Strategy and Action Plan is the proposed formal response to the net-zero greenhouse gas emissions targets set by full Council in July 2019.
- 1.2. The report sets out a complete framework of actions and a strategic approach which, if met, will enable Merton to become carbon neutral by 2050, and the Council's buildings and services to become carbon neutral by 2030.
- 1.3. The Council has continued to work on this alongside Covid 19 work, since the climate emergency is one which will still need to be addressed with the same urgency as we recover from the pandemic.

2 DETAILS

- 2.1. Merton was responsible for producing up to 0.7 million tonnes of carbon emissions in 2017. These emissions are mainly caused by the use of gas and electricity in our buildings, and from petrol and diesel vehicles on Merton's roads. Although not possible to accurately quantify, it is thought that Merton also indirectly influences carbon emissions from products and services consumed by Merton's inhabitants that are greater than the sum of direct emissions. The Council's buildings, transport and services are responsible for around 2% of Merton's greenhouse gas emissions [1].
- 2.2. The Council's July 2019 Climate Emergency Declaration [2] was a cross party motion that received unanimous support. It recognised the irrefutable evidence of the damaging impacts of climate change across the globe if greenhouse gas emissions are not reduced. The declaration committed to:
"....work towards ensuring that the borough is carbon neutral by 2050, in line with the Mayor and the Government's targets. Achieving this will require significant investment and policy initiatives from the Government, and Council hopes it would be achieved earlier than 2050;
.....work towards ensuring that the Council is carbon neutral by 2030, recognising the leadership role it has in the borough;"
- 2.3. The declaration led to the formation of the Climate Emergency Working Group. Chaired by Cllr Tobin Byers, the group was made up of 16 volunteer residents, business and community representatives from a range of different sectors. They provided valuable input into every aspect of the plan; by bringing new expertise to the table, reflecting the views of a wide range of stakeholders, and providing oversight and challenge to the process.
- 2.4. The 2020 Climate Strategy and Action Plan sets out a vision for a low carbon Merton and an approach to achieving that vision through the combined efforts of the Council, residents, communities, businesses and those who deliver key services in Merton.
- 2.5. Action taken by Merton since the adoption of Merton's first Climate Strategy [3] in 2009 has been significant, including a reduction in the Council's own emissions by 40%. The proposed 2020 Climate Strategy and Action Plan represents an acceleration and expansion of activities to reflect new

evidence on the pace and scale of change needed to avoid the risk of average global temperatures increasing by more than 1.5 degrees [4, 5].

- 2.6. The actions support the major transformations that would be needed:
- better insulated buildings supplied by low carbon energy;
 - a reduction in petrol and diesel road vehicles in favour of active and sustainable travel;
 - a change in focus towards a green and circular economy; and a greater use of vegetation to adapt to the effects of rising temperatures such as prolonged spells of intense hot weather and increased local flooding.
- 2.7. If fully met, the actions would reduce all major sources of greenhouse gas emissions to near zero by the target dates.
- 2.8. The actions are wide-ranging and not limited to Council activities, reflecting the fact that over 90% sources of carbon emissions are beyond the direct reach of the Council. The success of some actions is dependent on key changes to national government policy and increased funding. The plan recognises the key role that the Council plays in leading by example, in lobbying for wider change and funding, and in developing policies and programmes which support the delivery of the targets, within all areas of the Council's operations and the policies which impact the wider borough.
- 2.9. Analysis of global emissions suggest that the impacts of the Covid-19 pandemic will result in the largest ever annual fall in greenhouse gas emissions [6]. More locally, environmental improvements such as air quality have been tangible. Whilst recognising that activities will change as lockdown is eased, where possible we are seeking to harness some of the behaviours that have led to such as marked reduction in carbon emissions. The plan reflects the intention to lobby for and take advantage of opportunities that facilitate a "green recovery".
- 2.10. We are also seeking to perpetuate and expand upon the collaborative approach used to develop the 2020 Climate Strategy and Action Plan as we move towards accelerating action to tackle climate change within the borough. The plan commits to the formation of an implementation group to facilitate this process.
- 2.11. This report seeks delegated authority to the Director of Environment and Regeneration in consultation with the Cabinet Member for Adult Social Care, Health and the Environment to make minor amendments (such as grammatical changes, factual updates and to recognise any new government laws or council initiatives, and graphic design) to Merton's 2020 Climate Strategy and Action Plan prior to publication.

3 ALTERNATIVE OPTIONS

- 3.1. Alternative Option 1: Delay the adoption of the 2020 Climate Strategy and Action Plan until all more detailed actions and costs are known: The Climate Strategy and Action Plan is intended to be used as an overarching and long-term framework from which detailed actions both within and outside of the Council can be formed. As such, a delay in publishing this framework is

likely to delay the development of collective actions and potentially focus effort on actions which will not ultimately lead to a significant reduction in greenhouse gas emissions. Due to their long-term nature, all actions will necessarily need to be updated and adjusted on a regular basis as they are developed.

- 3.2. Alternative Option 2: Limit action plan to Council-only activities: Our latest estimates suggest that greenhouse gas emissions from Merton's operational buildings, transport and procured activities account for just 2% of the total emissions produced in Merton each year. So limiting the action plan only to the Council means that it would not be possible to meet the 2050 Borough-wide target.
- 3.3. Alternative Option 3: Do nothing: This is not an option without the council reversing the Declaration of Climate Emergency it made in July 2019.

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. Extensive public and internal consultation has taken place in the development of the Climate Strategy and Action Plan.
- 4.2. To establish a robust approach based on the best available evidence, LBM commissioned consultants to develop a greenhouse gas inventory and a pathway to net-zero, and to advise on necessary actions and costs [1]. In addition, a wide-ranging evidence review was carried out including technical data on greenhouse gas impacts and "softer" evidence on the most cost effective ways to deliver a reduction in carbon emissions.
- 4.3. To ensure that the process was transparent, open to the challenge and involved the views of key stakeholders, the Climate Emergency Working Group oversaw the work undertaken by Climate Change officers, linked with community groups and inputted their own expertise which culminated in a series of discrete recommendations for the plan. Details of the members, papers and minutes of these meetings are available on Merton Council's Climate Emergency Working Group web page [7]. Merton's Sustainable Communities and Transport Partnership and a number of individual community groups, businesses, delivery partners and organisations were also consulted.
- 4.4. To enable full public participation, a climate change survey was published and widely advertised using the Council's web pages, my Merton, social media and Community Forums. The over 600 respondents were overwhelmingly in favour of strong action to reduce carbon emissions in Merton. The consultation highlighted key barriers and put forward many suggested actions [8].
- 4.5. We also consulted council officers in all Departments to assess the extent to which current Council policies and programmes are likely to be consistent with meeting the greenhouse gas emission targets and identify major gaps in potential activities and funding.
- 4.6. A stakeholder workshop was held on 26 February 2020 with council staff and representatives from a range of businesses, groups and organisations in Merton to inform the action plan.

- 4.7. From the wide range of consultation responses we can understand the scale of Merton's emissions, what needs to be done to reduce those emissions and the potential actions that are needed [9].

5 TIMETABLE

- 5.1. The Climate Strategy and Action Plan, following consideration by Scrutiny on 24th June, will be considered by Cabinet on 13th July and Full Council on 16th September 2020 or the next available Council meeting.
- 5.2. The implementation of the action plan will take place over the next thirty years, spanning the duration of the targets. A Delivery Plan will be developed, and regularly reviewed to track progress of individual actions where the Council has a significant role to play, through agreed milestones.

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1. Whilst we can be clear about what needs to be done we cannot be certain how. The cost of necessary investment across the borough in privately owned homes, businesses and means of transport will require many hundreds of millions of pounds. The cost to the Council of meeting its carbon challenge amounts to c£88M. In the current financial climate post Covid it is not possible to confirm where and when this funding will be available.
- 6.2. A major part of the Council's role will be to seek external resources, lobby for policy and regulatory changes to support investment in the right infrastructure and to pursue a green recovery. It is clear given the cost estimates included in this report that this plan – even the 2030 targets that relate to the Council's emissions, cannot be delivered from existing Council resources alone.

INVESTMENT COSTS FOR THE 2030 TARGET

- 6.3. Based on high-level estimates [10], costs associated with meeting the Council's 2030 target are likely to be in the region of £88M; the majority of which is to upgrade the building stock that is owned and operated by the Council and the replacement of the Council's vehicle fleet. The investments could lead to cumulative fuel bill savings of around £5M to 2030, which may reach up to £27M by 2050. It is important to note that these estimated costs have not yet been built into the Council's MTFS yet and will require the redirecting of resources from existing spending plans. Further, given the time lag on certain Capital schemes it is important that urgent attention be given to developing affordable proposals if the target is to be met by 2030.
- 6.4. Half of the above £88M cost relates to Community Schools meeting the net zero carbon standard. Works are likely to be extensive, replacing the full gas fired heating system and major changes to the fabric of the building. It is likely the school building would need to be vacated during the building works. It is suggested a detailed feasibility study is undertaken at a small number of schools to determine the feasibility, including displacement costs, which may increase the above cost by some 25%. There is presently not a

government requirement to meet this standard so there is no government funding to do so, and so Community Schools are likely to be the only types of school within the borough to meet this standard. The council receives a government grant of some £1.9 million per annum for capital maintenance for Community Schools and only a proportion of this could be used as it would still be required for essential capital maintenance items.

SOCIATAL INVESTMENT COSTS FOR THE 2050 TARGET

- 6.5. Cost estimates undertaken by the technical consultants for the 2050 borough target are highly uncertain and likely to change as new technology is adopted, prices change and innovative financial structures are formed to help reduce the initial up-front costs. Currently, the estimated cumulative marginal additional investments that are needed within Merton to achieve all major transformations are in the region of £3bn to 2050. These are mainly focused on achieving zero-carbon buildings, a fossil fuel-free vehicle stock and an infrastructure that will support the change in energy and transport supply. Measures largely result in a reduction or switch in energy source which produces an ongoing saving once the initial investment has been made. The cumulative ongoing savings to 2050 are estimated to be in the region of £2.1bn. Costs would fall to residents, businesses, service providers and the Council.
- 6.6. The 2020 Climate Strategy and Action Plan sets out an overall approach to Council spend on reducing climate emissions which is focussed on using available resources in the most efficient way possible to support the major transformations needed to meet the targets.
- 6.7. For the 2050 target, the extent to which any costs will be borne by the Council is currently uncertain. Many actions contained in the plan are not funded and lie in areas that are beyond the reach and responsibility of the Council. For example, all of the borough's existing buildings will need to become highly energy efficient and run on carbon-free energy by 2050. Up-front investment costs, at roughly £2.7bn for Merton, are beyond what residents and businesses can afford, but as yet no National decarbonisation strategy or funding is in place.
- 6.8. Council spend will depend on future decisions taken as actions are developed in further detail, costs to the Council are estimated and budgets assessed in light of fully scrutinised business cases and policy proposals. There will be regular discussions with the finance team as the actions are developed in more detail.

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1. There is no statutory requirement for Local Authorities to set climate targets, or produce a Climate Strategy or an Action Plan set out in the Climate Change Act 2008. Local Authorities are, however, obliged to be in keeping with the objectives of policies implemented by the Greater London Authority and National Government through obligations set out in grant funding agreements, under regulatory arrangements such as through air quality reviews and monitoring under the Environment Act 1995 and national

planning law including the Planning Act 2008 and in development of local plans under the Planning and Compulsory Purchase Act 2004, where the local planning authority must have regard to national policies.

- 7.2. The summary of initial actions for Merton's Delivery Plan refers to Merton's 2050 target that is intended to be consistent with the ambitions set out in the Mayor of London's 1.5 degree compatible action plan, and the Climate Change Act 2008, which presently sets a target for the UK to be net-zero by 2050.
- 7.3. In order to carry out the investments and actions required of this report the Council must follow, where appropriate, the Council's contract standing orders and at present include the Public Contracts Regulations 2015 in relation to entering into public contracts.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 8.1. "*Reaping the benefits for all*" forms part of the strategic approach set out in Merton's 2020 Climate Strategy and Action Plan. It highlights the Council's ambition to ensure that neither the effects of climate change, nor the costs of reducing emissions disproportionately affect the vulnerable or those less able to pay.
- 8.2. It also identifies that delivering the action plan will reap many co-benefits that have the potential to increase equality and community cohesion. These include improving health and wellbeing through more active travel, improving air quality with reduced vehicle use, increasing social inclusion through community activities and reducing fuel poverty by insulating homes and installing on-site renewable energy.
- 8.3. In practice the actions are too high-level and long term to undertake a meaningful equality assessment on Merton's Climate Strategy and Action Plan. Individual equality assessments will be undertaken as actions are developed.

9 CRIME AND DISORDER IMPLICATIONS

- 9.1. None for the purpose of this report.

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 10.1. There are two main risks to the development and implementation of Merton's 2020 Climate Strategy and Action Plan, already highlighted on the corporate risk register. The first are the uncertainties associated with setting such a long-term framework. The other is the substantial costs and complexity of delivering Merton's 2020 Climate Strategy and Action Plan.
- 10.2. The wide scope and long-term nature of the plan, the many ways in which each high-level action could be delivered, the complex and rapidly changing evidence and unknown future economic factors mean that it is not possible to identify in full all activities and costs that the Council will incur. The most

pressing example is the consequences of the Covid-19 outbreak. The impacts of the response to Covid-19 have been severe and will have lasting, but as yet undetermined effects on the economics and behaviour of society, and of Council activities.

- 10.3. Two commitments are set out in the plan which address these uncertainties, and make sure that progress against the net-zero targets can be assessed. The first is a commitment to regularly update our greenhouse gas inventory to measure overall progress. The second is the development of a Delivery Plan which serves to track progress of individual actions where the Council has a significant role to play.

11 **APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT**

See separate attachment

12 **BACKGROUND PAPERS**

- 12.1. List of documents referred to in the body of the report:

[1] Aether Technical report, June 2020 – Draft available on request

[2] Merton's Climate Emergency Declaration, July 2019

<https://www.merton.gov.uk/planning-and-buildings/sustainability-and-climate-change/climate-emergency>

[3] Merton's Climate Change page "*what we have done*", May 2020

<https://www.merton.gov.uk/planning-and-buildings/sustainability-and-climate-change/what-merton-has-already-done-to-address-climate-change>

[4] Government's Committee on Climate Change "Net zero" report, May 2019

<https://www.theccc.org.uk/publication/net-zero-the-uks-contribution-to-stopping-global-warming/>

[5] Intergovernmental Panel on Climate Change 1.5 degree report, October 2018

<https://www.ipcc.ch/sr15/>

[6] CarbonBrief, April 2020

<https://www.carbonbrief.org/analysis-coronavirus-set-to-cause-largest-ever-annual-fall-in-co2-emissions>

[7] Membership, papers and Minutes of Merton's Climate Emergency Working Group, May 2020

<https://www.merton.gov.uk/planning-and-buildings/sustainability-and-climate-change/climate-emergency-working-group>

[8] Summary and Analysis of the Responses to Merton's Climate consultation February 2020

<https://www.merton.gov.uk/planning-and-buildings/sustainability-and-climate-change/climate-emergency>

[9] A full list of actions that resulted from Merton's consultation, February 2020

<https://www.merton.gov.uk/planning-and-buildings/sustainability-and-climate-change/climate-emergency>

[10] Cost estimates are largely based on a projected capital cost per m² to retrofit a similar building portfolio to a net zero standard. This estimate is subject to significant revision given it includes crude assumptions about building types and state of repair within the LB Merton portfolio. Surveys of buildings within Merton's portfolio are being undertaken to improve the accuracy these assumptions.

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