

CHESHIRE EAST COUNCIL

REPORT TO: CABINET

Date of Meeting: 6 October 2009
Report of: Strategic Director, Places
Subject/Title: Climate Change and Sustainability: The Leadership Role of Cheshire East Council
Portfolio Holder: Cllr David Brickhill

1.0 Report Summary

- 1.1 The report outlines the strategic imperative for Cheshire East to fully embrace the climate change/environmental sustainability agenda. The report also outlines the leadership role of the Council and seeks endorsement for the development short, medium and long term objectives.

2.0 Decision Requested

- 2.1 That Cabinet endorse our commitment to the climate change agenda and commit to the engagement of senior Members and Officers to deliver against the key activities outlined in the report.
- 2.2 That a comprehensive climate change and sustainable development strategy is developed for Cheshire East, one of the first components of which will be the production of an interim Carbon Management Plan
- 2.3 To note the potential financial impact of the Carbon Reduction Commitment from 1 April 2010, and the need for a project plan to mitigate the risks and to make appropriate provision within the Medium Term Financial Strategy to address this risk.

3.0 Reasons for Recommendations

- 3.1 Climate change is a key corporate priority for the Council and strong leadership will be key to delivering against our objectives.

4.0 Wards Affected

- 4.1 All wards

5.0 Local Ward Members

- 5.1 All local ward members

6.0 Policy Implications including - Climate change - Health

- 6.1 The main content of the paper is concerned with the policy implications relating to climate change issues.

7.0 Financial Implications for Transition Costs (Authorised by the Borough Treasurer)

- 7.1 There are no financial implications for transition costs.

8.0 Financial Implications 2009/10 and beyond (Authorised by the Borough Treasurer)

- 8.1 There are no immediate financial implications of this paper however work is ongoing to link future costs and financial risks associated within the development of the strategy and the Carbon Reduction Commitment into the Medium Term Financial Strategy for the Council.

9.0 Legal Implications (Authorised by the Borough Solicitor)

- 9.1 There are no direct legal implications

10.0 Risk Management

- 10.1 The risks associated with the Carbon Reduction Commitment are covered within the main body of the report.

11.0 Background

- 11.1 There is growing scientific evidence that the world's climate is changing and that the major cause is human activity increasing the concentration of greenhouse gases in the atmosphere. These changes will directly affect Cheshire East. Climate change is now considered to be the biggest challenge faced by local government.

- 11.2 Over the next 40 years average mean temperature is likely to rise in the UK by 2 degrees Celsius (United Kingdom Climate Projections, UKCP09, June 2009). Should this occur, we will see:

Higher temperatures leading to a greater need for air conditioning in homes and offices, and an increase in the threat to health from heat waves similar to that experience in France a few years ago

Wetter winters due to an increase in precipitation, leading to severe and increasing flood risk

Drier summers, straining water resources, increasing the risk of fires and damaging vulnerable ecosystems

Rising sea levels, increasing flood risk and coastal erosion

Increases in extreme weather events, with storms and high winds.

12. The role of the local authority

- 12.1 Cheshire East Council will be central in leading the response to the challenge of climate change in its role as an estate manager, reducing greenhouse gas emissions from our own buildings, our vehicles and operations. We also have a central role as a provider of services where climate change resilience and greenhouse gas emissions can be influenced by council services but which are not under our direct control, such as through education, housing, planning or transport policies, contracts and purchasing. We also have a role in leading the community, to persuade the residents and businesses of Cheshire East to take action to reduce their carbon emissions at home, at work, or at play, through working with our strategic partnership and local communities.

13. The Credibility Gap

- 13.1 The Council needs a credible approach to climate change. The best way to secure this is to develop a **Carbon Management Plan (CMP)** as part of a comprehensive strategy. This will take some time to develop, but in the interim there is a credibility gap. Cheshire East Council therefore needs to put its own house in order quickly, and a short term *interim* CMP for Cheshire East Council should be developed on a range of indicators to help establish the baseline against which a future corporate strategy and plan could be developed. This in turn will help support the development of a community based Climate Change Strategy and Action Plan under the auspices of the LSP.
- 13.2 The wider policy agenda would suggest that the imperative is for the authority to behave as sustainably as possible, and encourage others to do so. Climate change mitigation and adaptation will be a beneficial consequence of a sustainable approach to planning and development in Cheshire East. That means taking action on a range of activities including:
- Compliance with legislation
 - Sustainable purchasing of goods and services, based on whole life costs
 - Efficiency of resource use to reduce the demand for energy and water
 - Sustainable travel by staff and Members, including the use of technology to reduce the need to travel
 - Minimising the waste of energy and consumables
 - A comprehensive public awareness campaign on the benefits of sustainable living through newsletters and the website
 - Detailed monitoring of environmental performance, possibly through an externally verified management system.
- 13.3 The above is no more than a list of headlines, action on all of which may be in hand in different parts of the authority. For example, there is

work ongoing to improve the energy efficiency of buildings used by the Council, which will result in early benefits for a modest capital investment. What is missing, however, is the comprehensive overview and strategy which puts all or the above at the centre of decision-making and the delivery of services. A CMP would bring these together as part of a consistent approach to managing and reducing our carbon footprint. At this stage, the aim would be to identify the most critical actions that would yield immediate or short term benefits. A more comprehensive plan would be developed for the medium to long term once a baseline has been set.

- 13.4 There is a significant amount of experience on which we could draw from Beacon councils such as Worcestershire and Nottinghamshire. Organisations such as the Carbon Trust could help us to develop such a strategy.
- 13.5 Such an approach would need the support of Cabinet, CMT and all heads of service, with individuals being given the responsibility and resources to deliver on targets. A draft interim CMP for Cheshire East is attached as a starting point (Appendix 1).

14. A road map to a full and comprehensive Carbon Management Plan

- 14.1 The process adopted in the development of a comprehensive CMP varies between authorities, although there are clearly recognised steps. From these it is possible to establish a timeline and key milestones. The Carbon Trust recommends 5 stages, a model followed by Nottinghamshire (a beacon council). Should Cheshire East Council embark on a full formal process of developing a credible Carbon Management Plan, a period of 18 months is recommended. Even this would be a challenging timetable – Nottinghamshire allowed 24 months, as did Northumberland. If this approach was followed an indicative timetable and key milestones are set out below.

Stage	Timing	Activity Summary
1	Oct–Dec 2009	<u>Mobilise the organisation</u> Secure political and senior management support Identify a Project Leader and core team Agree aims, commitments and responsibilities Set out a project timetable and communications plan
2	Jan–April 2010	<u>Set baseline, forecasts and targets</u> <i>Mitigation measures</i> Establish current carbon management practices Compile an emissions baseline and forecasts Establish the case for action <i>Adaptation measures</i> Develop a local climate change profile (LCLIP) Identify potential threats and opportunities Assess risks and list priorities Develop a vision and strategy

3	May–Aug 2010	<u>Identify and quantify options</u> Prioritise options Establish adaptation measures Assess costs and benefits, based on practicality and VFM
4	Sept–Dec 2010	<u>Finalise implementation plan (resourcing and approval stage)</u> Identify actions with named responsibility Set out timetable for delivery with resource implications
5	Jan–Apr 2011	<u>Implementation</u> Launch and embed Action Plan Monitor implementation and progress against vision and strategy Communicate message and refresh action plans

14.2 The development of a Carbon Management Plan will help ensure that Cheshire East takes a strategic and comprehensive approach to climate change. It will also contribute towards improving our performance under the Comprehensive Area Agreement. That in turn suggests that climate change and its mitigation is something that requires a significant commitment by the authority in terms of its whole operation – something that should be embedded in the culture and given a clear steer and positive leadership by Members in each portfolio area from the outset. It means identifying senior lead officers on climate change and sustainability in every service and/or building, with regular progress reports to Cabinet. The Climate Change Steering Group would have a leading role especially on scrutinising actions and outcomes.

14.3 While developing a full CMP will take time, inaction now is not an option, hence suggesting an interim Carbon Management Plan based on common sense and best practice elsewhere. But having an Action Plan on Climate Change is not enough. The next section summarises the implications of a new legal obligation on the authority, the Carbon Reduction Commitment.

15. The consequences of the Carbon Reduction Commitment

15.1 From 1 April 2010 Cheshire East Council will have a new legal obligation – the Carbon Reduction Commitment (CRC). Much has been written about this in recent months but its full implications have perhaps not been fully appreciated.

15.2 The CRC is a new mandatory emissions trading scheme starting on 1st April 2010. It will apply to large public and private sector organisations including Cheshire East Borough Council. Any organisation participating in this scheme **must** monitor energy use, **report** on their equivalent carbon dioxide (CO₂) **emissions** and then **purchase allowances**, sold by Government, to cover these emissions each year.

- 15.3 By 1st April 2010 the Council will need to register for the scheme and be in a position to monitor all sources of emissions. After registering, the failure to disclose required information and failure to comply with the process will also result in financial penalties. As a minimum this would be a fine of £5000.
- 15.4 In April 2011, all organisations must purchase allowances to cover their total emissions for the first and second years. Allowances will only be available from Government within a limited period. For an authority the size of Cheshire East, it is estimated that the cost to purchase allowances could exceed £360,000 each year (for which budgetary provisions need to be made). This assumes average CO₂ emissions of around 30,000 tonnes at a cost of £12 per tonne. Authorities must initially purchase enough allowances to cover the first two years of operation of the scheme. Cheshire East Council's budget provision for this purpose in April 2011 would therefore need to be at least £720,000.
- 15.5 Overall, the CRC is expected to be revenue neutral and the money is recycled between all of the participants. A proportion of the purchase costs of allowances may be returned to the authority based on its position in a league table at the end of a trading period. Each position in the performance league table will have a different bonus or penalty rate. The top placed organisation will have the highest bonus rate and the bottom organisation the maximum penalty rate. When an organisation improves more than average it will spend less each year on allowances – but receive a higher fraction of the recycling pot. This therefore means there is a double financial benefit for good performance.
- 15.6 All organisations can expect to be audited at least once every 5 years so monitoring systems and data collection will need to be accurate and robust. In addition to the financial costs to the authority of purchasing allowances, staffing and resources need to be allocated to the management of data collection and monitoring as well as programmes for emission reduction. Some authorities have set up project management teams to ensure that the legal obligations are met. Clearly, there is a relationship between the CRC and a Carbon Management Plan, since reducing emissions will reduce in the overall costs to the authority over time.

16.0 Access to Information

The background papers relating to this report can be inspected by contacting the report writer:

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