

Title of report: Allocating the use of the Climate Reserve

Meeting: Cabinet

Meeting date: Thursday 29 July 2021

Report by: Cabinet member environment, economy and skills

Classification

Open

Decision type

Key

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

Wards affected

(All Wards);

Purpose

This report sets out the Council's ambitious plan to lead the local response to the Climate & Ecological Emergency including the development of a new Herefordshire Climate & Nature Partnership and to allocate the use of the Council's dedicated climate reserve in order to accelerate the delivery of our net zero carbon and nature rich commitments.

Recommendation(s)

That:

- a) The council establishes a new countywide partnership, the Herefordshire Climate and Nature Partnership (as per the Terms of Reference in Appendix 2);**
- b) The Herefordshire Climate and Nature Partnership is included on the council partnerships register as a significant partnership;**
- c) That the new Herefordshire Climate and Nature Partnership develops and leads the delivery of an ambitious new Herefordshire Climate and Nature Strategy for Herefordshire to become net zero carbon and nature rich by 2030;**
- d) A new dedicated Delivery Director is recruited to accelerate the delivery of the Council's climate and nature projects;**

- e) **£50,000 be allocated and drawn down from the climate reserve to procure external communications resource to support the active promotion and engagement of the Herefordshire Climate and Nature Partnership;**
- f) **£40,000 be allocated and drawn down from the climate reserve to procure specialist consultancy support to develop a new Herefordshire Council Nature Strategy;**
- g) **£50,000 be allocated and drawn down from the climate reserve to procure specialist consultancy support to develop a new Building Retrofit Strategy and to undertake an options appraisal for accelerating building retrofit across the county;**
- h) **£220,000 be allocated from the climate reserve to establish a new Climate and Nature grant scheme to empower local community groups, organisations and parish councils to apply for funding, which the council will consider and award, to deliver carbon reduction and ecological enhancement projects across the county (as set out in Appendix 1);**
- i) **That delegated authority is given to Interim Director for Economy & Place in conjunction with Cabinet Member Economy and Environment and Section 151 Officer to draw down the full value of the climate reserve in year and to take all operational decision to deliver the above recommendations; and**
- j) **That Cabinet receives an annual report and project plan as part of a decision to draw down the following year's climate reserve.**

Alternative options

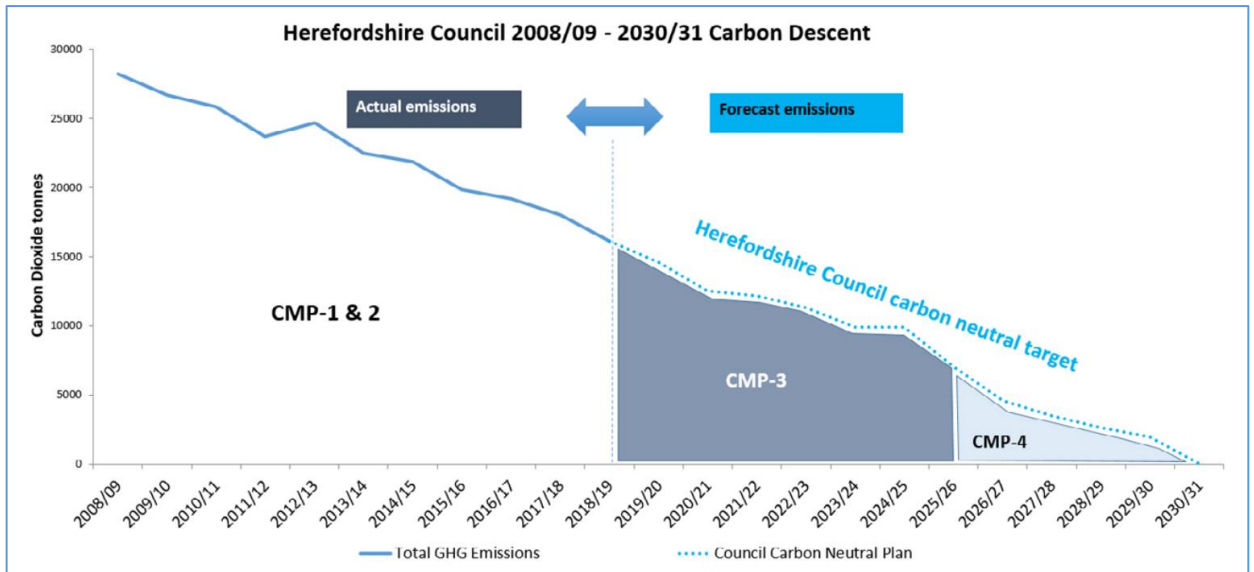
1. Not to establish a countywide partnership (rejected).
 - I. This is not recommended as the Council is only one part and is strongly committed to leading the required local response to the Climate & Ecological emergency which is a key objective in the County Plan and the executive response to the Climate & Ecological Emergency.
 - II. Partnership working will be essential to delivering countywide carbon neutrality as the Council's own carbon footprint represents less than 1% of Herefordshire's total carbon emissions.
2. Not to draw down and utilise the dedicated Climate Reserve in order to accelerate the delivery, engagement and communication of the Council's climate and ecology commitments (rejected).
 - I. This is not recommended as this dedicated reserve has been established to support the ongoing delivery of Council's declaration of a Climate and Ecological Emergency and to deliver the climate and nature commitments within the County Plan.
3. Not to draw down the dedicated climate reserve to support countywide carbon activity (rejected).

- I. This is not recommended as significant investment will be required over the next decade as the County works to achieve net zero carbon. The allocation of £220,000 from the dedicated climate reserve will ensure there is sufficient resource available to develop and facilitate new carbon reduction and biodiversity projects across the county via the climate grant scheme. This allocation includes up to £20,000 to resource the administration of this grant scheme which will be undertaken by the council's Delegated Grants team.
4. To directly allocate resources to the Climate and Nature Partnership (rejected).
 - I. This is not possible as the proposed partnership will not be a legal entity and the Council need to ensure that all activity is procured under the council's contract and financial procedure rules.
5. Not to draw down the dedicated climate reserve to procure the nature strategy (rejected).
 - I. This is not recommended as this is a key strategic objective to achieve the Council's Climate & Ecological Emergency ambitions. This seeks to develop a new holistic approach, working collaboratively with the Local Nature Partnership to address all aspects of its operations and estates.
6. Not to draw down the dedicated climate reserve to procure the specialist technical advice to develop a building retrofit strategy and to develop an options appraisal (rejected).
 - I. This is not recommended as this is a key strategic objective to achieve the Council's Climate & Ecological Emergency ambitions as over one-third of Herefordshire's carbon emissions are estimated to be from heating homes and other buildings.

Key considerations

Herefordshire Council Emissions

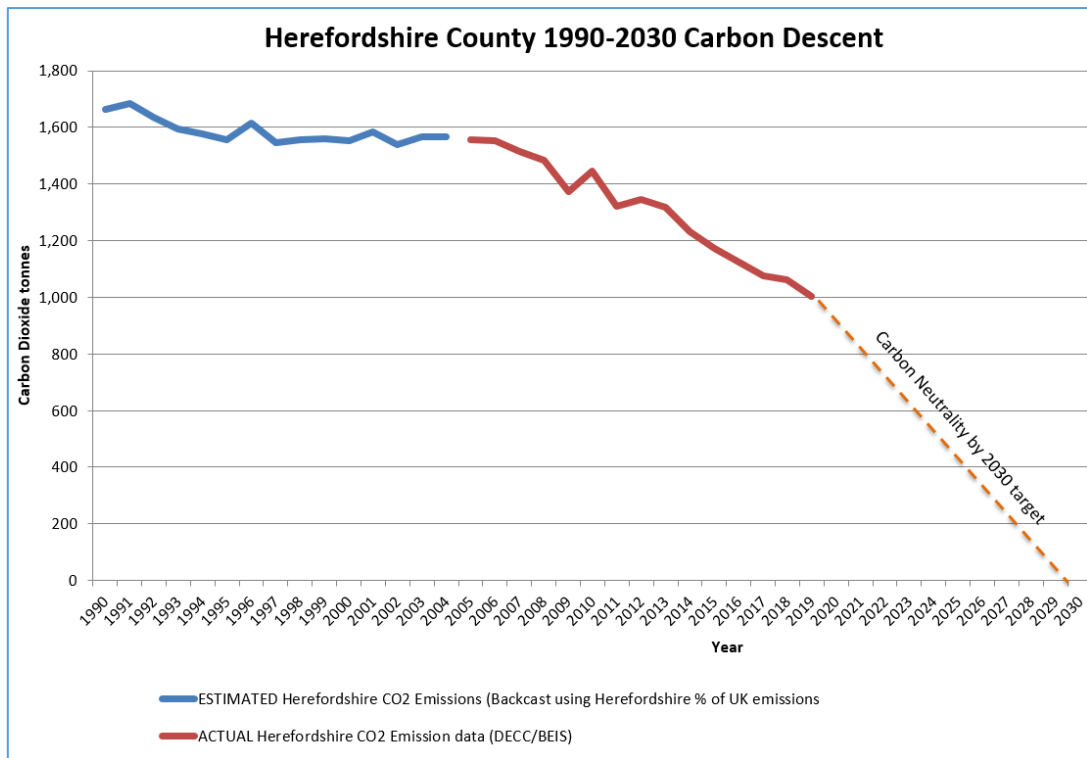
7. Since the publication of the Council's first Carbon Management Plan in 2011, Herefordshire Council has made excellent progress reducing emissions from the Council's operations and is currently delivering the third 5-year carbon management plan. This plan sets out the Council's route to zero carbon by 2030/31 and sets out an ambitious interim carbon reduction target of a 75% by 2025/26.
8. This plan and action plan are available on our website via the following links and our pathway to zero carbon is illustrated below.
 - I. <https://www.herefordshire.gov.uk/downloads/file/20530/carbon-management-plan-2020-21-to-2025-26>
 - II. <https://www.herefordshire.gov.uk/downloads/file/22295/carbon-management-action-plan-2021>



- In July 2020 the Council published its current annual performance report which reported a 49% reduction in 2019/20 and is currently forecasting a 59% reduction in emissions for 2020/21 which will be reported in our annual performance report later this year.

Countywide Emissions

- In 2013 the Council jointly developed the countywide carbon reduction strategy 'Re-energising Herefordshire'. This strategy, believed to be the first countywide carbon reduction strategy in the UK, brought together businesses, organisations and local strategic partners and commit to an 80% countywide carbon reduction target by 2050, based on a 1990 baseline.
- In June 2020 data published by the department for Business Energy and Industrial Strategy showed a 39.6% reduction in countywide carbon emissions for 2019 against the 1990 baseline year.



Climate & Ecological Emergency declaration

12. On 8 March 2019 Herefordshire Council declared a Climate Emergency following unanimous support for a climate emergency resolution at full council. This declaration was updated on 11 December 2020 when Herefordshire Council declared a Climate and Ecological Emergency (CEE) following support for a climate and ecological emergency resolution at Full Council.
13. On 26 September 2019, Cabinet approved the executive's response to the climate emergency resolution, setting out a number of actions and policy commitments including:
 - a) An accelerated reduction of the council's own carbon emissions and the aspiration to become net carbon neutral by 2030/31.
 - b) The council will work with strategic partners, residents and local organisations to develop a revised countywide CO₂ reduction strategy, aspiring for net carbon neutrality by 2030.
 - c) That the general scrutiny committee is invited to consider building into their work programme and/or establishing a task and finish group to:
 - i. Review the draft carbon management plan;
 - ii. Review partners' plans and strategies to recommend how best to develop a joint countywide strategy;
 - iii. Develop and propose a checklist of criteria for the development of new and review of existing council strategies to assess their suitability to deliver on carbon reduction.

Creation of a Dedicated Climate Reserve

14. At the Full Council meeting on 14 Feb 2020 a new dedicated climate reserve was established to resource and accelerate action to address the climate emergency.
15. Here an initial £200k of revenue funding from the new homes bonus grant was allocated with the commitment that all future dividend income from West Mercia Energy's (WME) operational surplus would be allocated to the reserve. At present the allocation within the climate reserve is £448,614 which will receive further contributions in future years.

Herefordshire Climate & Nature Partnership

16. In January 2020 the council established a Climate and Ecological Emergency Steering Group to:
 - a) Steer and oversee the development of a new collaborative countywide CEE Action Plan for Herefordshire; and
 - b) Establish a representative and publically accountable governance structure to oversee and support the delivery of the CEE Action Plan.
17. Throughout 2020, the Council has worked in partnership with a number of local organisations and stakeholders through the Climate and Ecological Emergency Steering Group to develop an initial action plan and a draft Terms of Reference for a new Climate and Nature Partnership. As part of this work, a review of other emerging countywide partnerships across the country was undertaken to help inform the development of the terms of reference.
18. In March 2021 the Council created the new Herefordshire Zero Carbon and Nature Rich website which included live and iterative action plans bringing together the combined actions of the steering group and other local partners, local case studies and an interactive map of the local groups and activity across the county.
 - I. <https://zerocarbon.herefordshire.gov.uk/>
19. The proposed Climate and Nature Partnership will jointly develop the new overarching Herefordshire Climate and Nature Strategy seeking to galvanise the activity of residents, businesses, communities and partners and sets out the vision for a thriving net zero-carbon nature-rich Herefordshire by 2030. The Partnership will supersede the Climate and Ecological Emergency Steering Group.
20. The partnership will be open to all Herefordshire based residents and organisations and will be overseen by a new Climate and Nature Partnership Board which is set out in Appendix 2.
21. The Terms of Reference have been reviewed to consider both the recommendations of the General Scrutiny Committee's Climate Emergency Task & Finish Group and the partnership working from the Climate and Ecological Emergency Steering Group. The proposed approach seeks to build on strong momentum across the county and follows best practice across the country.

Herefordshire Climate and Nature Partnership – External Communications Support

22. As engagement, education and behaviour change is essential to the success of the new Partnership the proposed recommendations include the provision of dedicated communication support. This will greatly extend the reach and impact of the partnership enabling them to communicate effectively with the residents, organisations and businesses of the County which will be a key part of achieving the net zero carbon and nature rich ambitions for the county.
23. The objectives of this dedicated communication support is to:
- a) Establish a Climate and Nature PR plan for Herefordshire Council and the Herefordshire Climate and Nature Partnership Board
 - b) Engage and mobilise individuals and organisations countywide to sign up to the Partnership and to engage in the Action Plan
 - c) Utilise social media and other media channels to raise awareness of the goal for a zero carbon and nature rich county by 2030
 - d) Encourage residents, businesses, organisations, schools and colleges to take action to help achieve that goal
 - e) Generate local and national media coverage to highlight successful interventions
 - f) Generate new case studies and content for the zerocarbon.herefordshire.gov.uk
 - g) Create dedicated social media platforms to promote zero carbon and nature news stories, seek ideas and engagement.
 - h) Deliver behavioural change to help reduce carbon emissions and protect and enhance local biodiversity.
24. Timeline for External Communications Support:
- a) Procurement of consultants – August 2021
 - b) Commissioning of consultants – September 2021
 - c) Contract duration – 12 months with option to extend.

Climate and Nature Grant Scheme

25. Recognising that local and community action is fundamental to addressing the climate and ecological emergency the proposal is to allocate £220,000 from the council's dedicated climate reserve to establish a new Climate and Nature Grant Scheme.
26. This will enable applicants to apply for financial resources on a business case basis for projects including technical/feasibility studies, carbon reduction and/or biodiversity enhancement projects.
27. This grant scheme will be utilised to empower and support community action on carbon reduction and nature recovery creating new projects as part of the countywide action plan.

28. The full eligibility details and proposed application process for this grant scheme are set out in Appendix 1.
29. All funding allocated will be subject to the Council's financial procedure rules, will be procured in line with the Council's contract procedure rules which will be overseen by Delegated Grants. Proposals for consideration can be put forward by member organisations of the Hereford Climate and Nature Partnership.

Nature Strategy

30. Whilst the council has already developed and completed a range of projects to conserve and enhance the biodiversity across the county and its operations, this proposal seeks to expand this by setting out a new clear strategic approach through the development of a new Nature Strategy.
31. This holistic strategy will bring together all aspects of Nature within the multifaceted and interlinked services that the Council provides, recognising that the majority of these services will link, influence or directly affect local biodiversity and the natural environment.
32. The Nature Strategy will build on existing activity and data sets to provide a strategic framework to support and assess new projects and actions; whilst recognising that there is currently a sparsity or limited availability of valid, accurate and current baseline data and information for the county.
33. The strategy will provide the local detail to support the national 'Nature Strategy' currently being written by the Department for Environment, Food and Rural Affairs (DEFRA) and likely to be launched in Q4 2021 that is being designed to sit alongside and interlink with the existing Climate Change Act. This will ensure that the council is best placed to demonstrate its local leadership on nature recovery and to support future funding applications to Government in respect of the Climate and Ecological Emergency.
34. In addition the Nature Strategy will consider the implication of new national policy and guidance on biodiversity net gain and the development of Nature Recovery Networks (NRN) both of which are anticipated through the introduction of the Environment Bill later this year.
35. Project areas identified in the Nature Strategy will be developed to flow from the forthcoming national Nature Strategy from DEFRA, but may consider topics/areas of interest such as:
 - a) Securing and implementing the appropriate management of the council assets to increase 'nature' value whilst securing their primary function (if not nature)
 - b) Achieving a biodiversity net gain on all projects and development (e.g. by use of DEFRA Biodiversity Metric)
 - c) Ensuring there is no net loss of 'nature' through projects and developments and that they are assessed using a national standard such as 'Natural Capital Assessment'

- d) Enhancing existing public open space and sites for multiple benefits and uses working within forthcoming planning reform requirements to secure 'nature at the heart of all development in the county'

36. Timeline for Nature Strategy:

- a) Procurement of consultants – August 2021
- b) Commissioning of Nature Strategy – September 2021
- c) Completion of First Draft – January 2022
- d) Delivery of final version – Spring 2022

Building Retrofit Strategy and options appraisal

- 37. As over one-third of Herefordshire's greenhouse gas (GHG) emissions are estimated to be from heating homes and other buildings, the proposed approach is to develop a new building retrofit strategy and to undertake an options appraisal to scope potential action plans to decarbonise buildings across Herefordshire.
- 38. The latest data from the Department for Business, Energy & Industrial Strategy (BEIS) in 2020 estimates that this can be broken down as follows:
 - I. 23% from heating fuel and electricity use in housing (domestic buildings);
 - II. 12% for heating and powering non-domestic buildings such as shops, offices and public buildings
- 39. As the estimated value of the works necessary in order to realise the county's zero carbon target by 2030 is likely to exceed £300 million it is essential that Herefordshire seeks innovative new solutions and leverages external funding opportunities to deliver this enormous challenge and economic opportunity.
- 40. The UK Green Building Council (UKGBC) describes how local authority leadership is essential to deliver carbon reductions in existing homes and buildings, as authorities can achieve more through collective action and better joining up of respective efforts on home retrofit.
- 41. The council proposes to take a leading role and to develop a strategic approach to tackle the problem and an initial step will be to commission a consultant to undertake:
 - I. Review of relevant background and baseline information, such as the Herefordshire Integrated Housing Stock Modelling database report (BRE, 2019);
 - II. Review of other best practice schemes countrywide (domestic/non-domestic/mix) and assessing in which align well to Herefordshire's requirements;
 - III. Appraisal of funding options and development of a 10 year finance plan to include the consideration of community municipal investment bonds;
 - i. Options appraisal in order to enhance local low carbon skills capacity and supply chain and Partner and stakeholder engagement (including supply chain) in order to inform the design of the strategy;
 - ii. Assessment strengths and limitations of local skills and the supply chain;

42. Timeline for Building Retrofit Strategy and options appraisal:
 - a) Procurement of consultants – August 2021
 - b) Commissioning of Strategy – September 2021
 - c) Completion of First Draft – January 2022
 - d) Delivery of final version – Spring 2022

Accelerating Delivery

43. As a key strategic priority for Herefordshire and in line with the Council's corporate project management framework the recommendation is it recruit a dedicated Project Director to accelerate the delivery of the Council's climate and nature projects.
44. This post will be funded corporately through existing corporate budgets.

Community impact

45. In accordance with the adopted code of corporate governance, Herefordshire Council is committed to promoting a positive working culture that accepts and encourages constructive challenge and recognises that a culture and structure for scrutiny are key elements for accountable decision making, policy development and review.
46. The resulting improvements in local air quality, improved public health and efficiencies from addressing the climate emergency will positively contribute towards the delivery of the council's corporate plan objectives of 'Securing better services, quality of life and value for money' and 'Enabling residents to live safe, healthy and independent lives.'
47. This proposal seeks to actively engage all residents, organisations and businesses across the county to contribute towards reduced carbon emissions and an enhanced natural environment. This will also help to improve the health and wellbeing of all residents through an improved local environment.
48. This proposal addresses the following key commitments within the Council Corporate Delivery Plan
 - a) EN3.1: Create a new countywide climate & ecological emergency partnership, strategy and action plan to improve biodiversity and achieve countywide carbon neutrality by 2030
 - b) EN4.2: Develop new domestic building retrofit programmes to further improve the energy efficiency of Herefordshire's housing stock, reducing carbon emissions, improving wellbeing and tackling fuel poverty
 - c) EN7.1: Develop & implement a new nature strategy to enhance and protect biodiversity across the Council's estate
49. The proposal strongly supports the wider County Plan's ambitions to:
 - a) Protect and enhance our environment and keep Herefordshire a great place to live
 - b) Support an economy which builds on the county's strengths and resources

Environmental Impact

50. The Council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.
51. This proposal seeks to deliver on the Council's Climate & Ecological Emergency declaration by working in partnership with strategic partners, residents and local organisations to develop and deliver new carbon reduction and nature enhancement projects to support the recently established Climate & Nature Partnership.
52. The strategy and associated action plan will deliver multiple positive environmental impacts which will positively contribute towards the delivery of the following commitment in the Corporate Delivery Plan:
 - a) Minimise waste & increase reuse, repair & recycling (EN1)
 - b) Improve and extend active travel options throughout the county (EN2)
 - c) Understand and support sustainable living (EN3)
 - d) Invest in low carbon projects (EN4)
 - e) Identify climate change actions in all aspects of the councils operations (EN5)
 - f) Seek strong stewardship of the county's natural resources (EN6)
 - g) Protect & enhance the county's biodiversity, value nature and uphold environmental standards (EN7)
 - h) Develop environmentally sound infrastructure that attracts investment (EC1)
 - i) Protect & promote our heritage, culture & natural beauty to enhance quality of life & support tourism (EC5)
53. The Nature Strategy, seeks to deliver a co-ordinated framework through which the council's operations and establishments can be managed. This will ensure that best environmental practice is adhered to within its own practice and upon its own estates, thereby setting a benchmark of high quality standards within the county. Environmental performance indicators within the framework will align with both the objectives set out within the County Plan as well as forthcoming environmental legislation to be delivered through both the Environment and Agriculture Bill.
54. This Building Retrofit Strategy relates to the formulation of a strategy and business case which will have significant positive environmental impacts for the county. As a part of this process consideration will be given to minimise waste and resource use in line with the Council's Environmental Policy during later construction phases

Equality duty

55. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to –

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

56. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying ‘due regard’ in our decision making in the design of policies and in the delivery of services.
57. The Terms of Reference for the proposed Climate and Nature Partnership have been developed with support from the Council’s equality team. The aim is to make the partnership as accessible as possible and attract applications from Herefordshire’s diverse communities.
58. Our providers will be made aware of their contractual requirements in regards to equality legislation and an Equality Impact Assessment will be required as part of the application process for the Climate and Nature Grant scheme. In addition the commissioning of the Building Retrofit Strategy, the Nature Strategy and External Communications Support will require consideration of equality issues and accessibility.

Resource implications

59. At the Full Council meeting on 14 Feb 2020 £200,000 of revenue funding from the new homes bonus and future dividends from West Mercia Energy operational surplus was allocated as a new dedicated climate reserve.
60. A further allocation of £248,614 was added to the reserve in October 2021 from the 2019/20 WME operational surplus and the current forecast for the 2020/21 operational surplus is £165k which will be allocated to the reserve in October 2022.
61. The grant scheme will be administered by the Council’s Delegated Grants team and will invite applications through the new partnership board for new carbon reduction and ecological enhancement projects across the county. The grant administration costs will be funded within the £220,000 budget allocation.
62. Project applications will be assessed by a dedicated grant appraisal panel comprising officers from the Sustainability & Climate Change, Built & Natural Environment, Delegated Grants and Finance teams.
63. In accordance with the Financial Procedure Rules, the Chief Finance Officer has consented to the use of the earmarked reserve and any necessary virements.

Funding streams (indicate whether base budget / external / grant / capital borrowing)	2021/22	2022/23	Future Years	Total
	£000	£000	£000	£000
Climate Revenue Reserve	335	25	0	360

TOTAL	335	25	0	360
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Revenue or Capital cost of project (indicate R or C)	2021/22	Future Years	Total
	£000	£000	£000
Climate & Nature Grant Scheme (R or C)	200	0	200
Climate & Nature Grant Scheme administration (R)	20	0	20
Nature Strategy (R)	40	0	40
Dedicated communications support (R)	25	25	50
Building Retrofit Strategy and options appraisal	50	0	50
TOTAL	335	25	360

Legal implications

64. The partnership will be set up in accordance with the terms of reference at Appendix 2 as a non legal entity overseen by the Climate and Nature Partnership Board.
65. There are no specific legal issues arising from this report which need to be brought to the attention of the Cabinet.

Risk management

<u>Risk / opportunity</u>	<u>Mitigation</u>
Reputation (both risk and opportunity) – There is a reputational risk of not establishing a new countywide partnership as set out in the County Plan	This proposal seeks to establish this partnership and considers the recommendation from the Climate Emergency Task & Finish Group of General Scrutiny Committee. The development of the new partnership will support the Council's commitment for Herefordshire to become net-zero carbon by 2030.
Climate Partnership - Resources (risk) – Without the allocation of additional resources there is a risk that the partnership will be ineffective and unable to lead a successful reduction in countywide carbon emissions.	This proposal seeks to resource enable countywide activity on carbon reduction and biodiversity enhancement through the creation of the new grant scheme. This will enable the partnership to undertake projects, research and simulate further carbon reduction and biodiversity action across the County.

Risk / opportunity	Mitigation
Communications Support – Without the proposed allocation of dedicated communications support to promote and engage residents there is a risk that the partnership is unable to successfully engage with all residents. This would negatively impact the Council’s ability to deliver the Climate & Ecological Emergency commitments.	Dedicated communications support is proposed within the recommendations
Nature Strategy - Delay in legislation and guidance/ delivery of national Nature Strategy.	The council may need to delay the delivery of its final version of its own Nature Strategy to ensure it fully aligns with national guidance coming forward.
Nature Strategy - Delay in required data collection and involvement of volunteers for survey work due to Covid -19	The council will seek to ensure the provision of up to date data where possible. Given the indefinite timescales of restrictions around Covid-19 it is recommended that the report will be progressed and updated as data becomes available.
Project Management Support – The additional allocation of dedicated Delivery Director will accelerate the successful delivery of the numerous climate and nature projects within the County Plan	Dedicated Delivery Director is proposed within the recommendations

Consultees

66. Political groups were consulted, the Ward Member for Central Ward made the following suggestion:
- a) Could we extend the objective on the grant scheme slightly to include provision for awards, so ‘Establish a Climate and Nature grant and award scheme’.
 - b) No further suggestions were received.
 - c) No objections were received.
67. This proposed Climate & Nature Partnership has been developed in partnership with the Climate and Ecological Emergency Steering Group which includes a range of key stakeholders including the Local Nature Partnership, Herefordshire Green Network and other community organisations.
68. The development of the proposed Nature Strategy will be developed in consultation across the Council, in conjunction with our public realm partner Balfour Beatty Living

Places, local/regional nature conservation groups and statutory national nature conservation organisations including Natural England, Forestry Commission and Environment Agency.

69. This proposal Building Retrofit Strategy has been developed in consultation with technical experts from the market via soft market testing as well as relevant internal stakeholders and Cabinet Member.

Appendices

- Appendix 1 – Climate and Nature Grant Scheme.
- Appendix 2 – Herefordshire Climate & Nature Partnership, Terms of Reference.

Background papers

- None identified

Please include a glossary of terms, abbreviations and acronyms used in this report.

- Climate and Ecological Emergency (CEE)
- The Department for Environment, Food and Rural Affairs (DEFRA)
- Herefordshire Climate and Nature Partnership (HCNP)
- Nature Recovery Networks (NRN)
- UK Green Building Council (UKGBC)
- Department for Business, Energy & Industrial Strategy (BEIS)
- Building Research Establishment (BRE)