

SURREY COUNTY COUNCIL**CABINET****DATE: 26 OCTOBER 2021****CABINET MEMBER: MARISA HEATH, CABINET MEMBER FOR ENVIRONMENT****LEAD OFFICER: KATIE STEWART, EXECUTIVE DIRECTOR- ENVIRONMENT, TRANSPORT AND INFRASTRUCTURE****SUBJECT: SURREY'S GREENER FUTURES CLIMATE CHANGE DELIVERY PLAN (CCDP)****ORGANISATION PRIORITY AREA: SUPPORTING COMMITMENT TO THE COUNTY ACHIEVING NET ZERO CARBON EMISSIONS BY 2050****Purpose of the Report:**

This report sets out plans to reduce emissions and tackle the effects of climate change in line with net-zero carbon targets between 2021 and 2025.

Recommendations:

Cabinet are asked to:

1. Approve the Greener Futures Climate Change Delivery Plan for 2021 – 2025 (Delivery Plan)
2. Approve the Council's 2030 Net Zero Carbon Programme (the 2030 Programme), which sets out how the Council's organisational emissions will be reduced, on the basis that any resulting significant new policy will be brought to future Cabinet meetings for approval.
3. Approve the initial Greener Futures Finance Strategy (the Finance Strategy), noting the quantum of investment necessary to meet our 2030 and 2050 carbon reduction targets, that the plan will be reiterated over time and recognising that where appropriate future investment will need to be considered as part of the Council's MTFs.
4. Approve the initial Greener Futures Communications and Engagement Plan (the Engagement Plan), whose priorities will be updated on a six-monthly basis; recognising the critical role of partners in delivering net zero carbon.
5. Delegate authority for approving any further changes to the Delivery Plan to the Executive Director for Environment, Transport and Infrastructure in consultation with the Cabinet Member for Environment, to enable the plan to evolve and adapt to local and national developments.

Reason for Recommendations:

The Delivery Plan and associated annexes document the proposed approach to meeting the targets set out in the Climate Change Strategy agreed by the SCC Cabinet in May 2020. The Delivery Plan is Surrey-wide, not a plan solely for SCC. It must have broad ownership by the public sector, residents, communities and business for successful delivery, and it must continue to remain relevant to existing and new partners to ensure continued ownership. National policy and technology are rapidly changing so the Delivery Plan must also be agile. Therefore, it is recommended that delegated authority be given to the Executive Director for Environment, Transport and Infrastructure in consultation with the Cabinet Member for Environment to evolve the Delivery Plan.

Executive Summary:

1. The **Climate Change Strategy (CCS)** published in May 2020 sets out what needs to be achieved to decarbonise the county by 2050 and Surrey County Council by 2030. The following report and annexes build on the principles and approach agreed by Cabinet in June 2021 which has been developed through further consultation with partners and the wider public.
2. Annex 1 provides a summary of the consultation and engagement undertaken to shape the Delivery Plan. It also sets out the approach and next steps being taken to create stronger communications and build innovative and collaborative engagement that supports wide-spread behaviour change.
3. The **Greener Futures Climate Change Delivery Plan 2021-2025** (Annex 2) identifies four areas of focus and around 70 key initiatives. The four focus areas are:
 - **Greener Futures Communities:** To empower individuals, businesses and communities to reduce emissions in their own homes, communities and workplaces
 - **One Net Zero Public Estate:** Local Authorities and other public sector organisations to reduce carbon emissions from their own buildings, vehicle and supply chains and meet the challenging targets that have been set.
 - **Build Back Greener:** Design with climate in mind to ensure that planning decisions, regeneration projects and major infrastructure are ready for a zero-carbon future and are adapted to deal with the impacts of climate change on people and wildlife.
 - **Grow Back Greener:** Managing woodland, green spaces and farmland to maximise the ability to absorb carbon from the atmosphere, grow food sustainably and improve habitats needed for wildlife to thrive.
4. The **Council's 2030 Net Zero Carbon Programme** (Annex 3) sets out the approach to decarbonising the Council's organisational emissions including buildings, streetlights and fleet to achieve a 40% reduction by 2025 a key milestone to achieving the SCC net zero carbon target by 2030.
5. The **Greener Future Finance Strategy 2021-25** (Annex 4) sets the approach to financing the first Delivery Plan and sets in train the development of a long term finance strategy.

Opportunities and Challenges to Delivery

6. Delivery of the Greener Futures net zero target presents a once-in-a-lifetime opportunity for Surrey to show leadership and demonstrate how local government and the public sector as a whole working can work with residents, communities and businesses to effect generational-level change.
7. Decarbonising Surrey creates an opportunity to bring alive the Council's ambition to empower our communities by giving residents the opportunity to take a leading role in improving their homes, communities, schools and businesses, benefitting from improved wellbeing and sharing their own experiences as green champions.
8. Huge levels of necessary investment over the next five to ten years to decarbonise homes, buildings and transport, if delivered alongside Surrey's Infrastructure Plan and the Economy and Growth Strategy, have the potential to deliver multiple benefits. This investment will drive a modern, green and clean industrial revolution within our county, creating new jobs

and supply chain opportunities with a particular focus on our communities which are most impacted by unemployment and poverty.

9. The benefits are not just environmental and economic but also social. Targeted measures and investment to tackle climate change can also reduce health inequalities that currently exist in the county. By prioritising the installation of decarbonisation measures in low-income households we can reduce energy bills at a time when energy costs are steadily increasing, significantly reduce levels of fuel poverty and positively impact cold-related deaths, keeping more vulnerable residents in their homes.
10. Encouraging people to use active travel (walking/ cycling) and public transport, coupled with the shift to electric vehicles, will improve the health of Surrey's residents and reduce air pollution from the county.
11. Investing in trees and habitats has the potential not only to absorb carbon and provide new green space in communities and urban areas where it is limited, but also to build on Surrey's reputation for high quality natural environments, boosting tourism by investing in the creation of new areas of woodland, wetlands and heathland whilst at the same time reducing pressure on well-known beauty spots.
12. However, there are a number of challenges to achieving Surrey's net zero carbon targets. There is a clear gap between pace and scale of change needed to achieve net zero carbon and restrict an increase in temperature to 1.5 degrees in Surrey, and the resources and levers that local authorities have available to make it happen. Successful delivery of the net zero targets can only be achieved with increased and consistent government funding and targeted policy changes at national level; so lobbying Government and other related parties for further action and investment forms an important feature of the Delivery Plan.
13. In order to lobby Government effectively the Council is aligning with organisations such as UK100 and the Association of Directors of Environment, Economy, Planning and Transport (ADEPT) to promote the opportunities that exist for local authorities to take a leading role in carbon reduction, while setting out what is needed from Government to achieve this. To demonstrate our ability to influence significant levels of decarbonisation, the Council has successfully bid to run a COP26 Green Zones event focusing on decarbonising transport in a rural county. The event will take place on 10 November and will be live streamed into the UN COP Climate Change conference in Glasgow.
14. Furthermore, the national definition of net zero, and therefore the basis for the 2030 and 2050 net zero targets, only considers "direct emissions"¹, from the use of gas, electricity and transport fuel in buildings and vehicles that we own and operate, and excludes emissions from things manufactured outside of Surrey. Where it can, the Delivery Plan seeks to go beyond this scope to consider all aspects of climate change, including activities that happen outside of the county boundaries that have a carbon impact, such as the carbon footprint of goods and services purchased by Surrey residents and travel by Surrey residents in other parts of the UK and abroad.

Governance and monitoring

15. Strong Governance will be vital. The Greener Futures Board comprised of Leaders representing businesses, residents, public sector and climate experts will oversee progress. Recommendations made by the Board will be taken into account when decisions are made through Surrey's local authorities governance processes. A network of partners

will be fostered to enable them to provide feedback on the progress of action across Surrey and build momentum to support delivery.

16. Progress against Surrey's Climate Change Strategy will be reported on an annual basis which ensures that the Delivery Plan supports the level of change needed to achieve the 2030 and 2050 net-zero carbon targets^{ix}.

Consultation

17. A two-stage consultation has taken place to shape the Delivery Plan that has drawn 2000 visitors to our digital platform and received well over 400 recommendations. The key findings, alongside an updated review of the evidence have helped to shape the priorities and actions in the Climate Change Delivery Plan and have informed our emerging thinking around future engagement.
18. The first stage of consultation took place between September 2020 and May 2021; mainly through an online survey and in-depth focus groups from a cross section of residents, businesses and landowners. A summary of findings is set out in Annex 1. Following Cabinet agreement of the principles and approach of the Climate Change Delivery Plan, further challenge and steer was received from informed residents through two community-led stakeholder workshops which attracted around 150 participants. Wider public engagement was gained from a greener futures newsletter, meetings, speaking events and presence at wider events such as the Empowering Communities Roadshow and Farnham Sustainability Festival.
19. In addition to setting up a Greener Futures Board, the Council has been working with key public and voluntary sector partners at all organisational levels throughout the consultation period to shape the Delivery Plan and consider how we work more closely together. Borough and District climate change officers have met frequently to share data and build an approach to joint delivery, supported through a workshop with Chief Executives and individual meetings with Borough and District Cabinet leads. Links have been made with the Parish Council Network, schools and education providers, health providers, Police Commission, the Charities Commission and the Surrey Climate Change Commission.
20. The Delivery Plan has been developed with the many service areas within the Council which will need to support delivery, supported by the Council's Leadership Team. A strong steer has also been provided by a CEH Member Reference Group who provided invaluable feedback and insight and whose recommendations are attached to this report in Annex 5. There has also been a Greener Futures Members seminar.

Risk Management and Implications

21. There are a number of risks and issues that would result in Surrey and the Council not achieving the target levels of carbon emission savings set out in the Climate Change Strategy and Delivery Plan [3].
22. The ambitions set out in the Delivery Plan cannot be fully realised without a significant and sustained increase in funding and key policy changes at national level, including introducing planning policies consistent with net-zero targets and policies which make low carbon technologies such as heat pumps cheaper for consumers. Surrey will continue to highlight this through a strong lobbying strategy together with key partners and stakeholders.
23. There is also a risk that target emission reductions may not be fully achieved due to the number, scale and complexity of actions to be delivered by 2025. Many actions are reliant on residents, businesses and others making low carbon choices. These risks are being addressed in part by increasing the resource we have to enable effective behaviour change

as set out in Annex 1, scrutiny from the Greener Futures Reference Group, and regular monitoring of the Delivery Plan via the Greener Futures Board. In addition, we will continue to lobby the Government to make the national policy changes that are necessary to ensure residents are able to make sustainable choices.

24. Climate science already suggests that we need to make cuts in the order of over 40% by the end of the Delivery Plan period to avoid an average global temperature rise of 1.5 degrees [2] and that global warming is happening at a faster rate than originally thought [3]. There is a further risk that new scientific evidence suggests even greater urgency is required.

Initial Greener Futures 2021-25 Finance Strategy - Financial and Value for Money Implications:

25. An Initial Greener Futures Finance Strategy (Annex 4) has been developed to provide an initial approximate cost, based on best evidence, current knowledge, data and modelling for the proposed net zero pathways for Surrey's 2050 Climate Change Delivery Plan 2021-25 and SCC's 2030 target. Costs are based on a draft 'net zero pathway model' developed for SCC by Atkins which includes relevant data, possible carbon reduction measures, cost and savings assumptions as well as potential funding and finance. Work will be ongoing to refine and evolve the model as base data is validated and refined, new opportunities arise and technology develops.
26. Revenue costs and common costs across the programmes (such as communications costs) have not yet been estimated. The focus to date has been on capital costs, as this will represent the majority of the investment required (although revenue costs are expected to be substantial). Firming up related revenue costs will be a key next step in this work. Work has already started on this now that the draft Delivery Plan has been developed and it's clear what the priority initiatives are. These resource requirements are currently being built into internal budget setting processes.
27. Atkins initial capital estimates for the 2030 net zero target are in the order of £65 - 71M for the full programme of measures required. This investment will be phased over eight years between 2022 and 2030. Atkins also estimate that the overall programme of measures will pay back through operational energy savings and revenue from the sale of electricity from ground mounded solar arrays on SCC land over the 28 years to 2050. After that point, Atkins have indicated that the Council will receive an income from the programme of measures. Officers are working with Atkins to validate these estimates, refine the finance model and agree what parameters need to be put in place for this to be achieved and monitored.
28. Atkins has estimated capital cost of the Climate Change Delivery Plan up to 2025 is £3.4 to £4.2B. This is currently being validated by officers. The majority of these costs will fall to the consumer (i.e. homeowners, businesses, vehicle owners etc), and many should generate savings for those same consumers over the short, medium or long term. The overriding assumption will be that in the main, though SCC may facilitate finance mechanisms, SCC will not be paying for these measures.
29. The model includes an overview of funding sources and finance mechanisms available to finance the delivery of the chosen pathway and more importantly any funding gaps that there may be. This work will be developed to form the basis of an evidence based 'ask' of Government with regards to future funding and finance where there are gaps.

30. The model demonstrates the importance of external funding such as grants and private sector investment. Where gaps are identified which could be unlocked by the Council's investment, in most cases it has been assumed that the Council's contribution will need to be paid back. Officers are exploring using capital borrowing to establish low or interest free loan schemes to target groups such as schools, SME businesses and private sector landlords and exploring mechanisms to cover the cost of borrowing.
31. The next phase of the development of the model will be linked to the Surrey Infrastructure Plan that can deliver at pace and at scale, combining all possible sources of funding including that which may be attracted from the Government's Infrastructure Investment Bank and the private sector.

Section 151 Officer Commentary:

32. Although significant progress has been made over the last twelve months to improve the Council's financial position, the medium term financial outlook beyond 2021/22 remains uncertain. The public health crisis has resulted in increased costs which may not be fully funded. With uncertainty about the ongoing impact of this and no clarity on the extent to which both central and local funding sources might be affected in the medium term, our working assumption is that financial resources will continue to be constrained, as they have been for the majority of the past decade. This places an onus on the Council to continue to consider issues of financial sustainability as a priority in order to ensure stable provision of services in the medium term.
33. The plans, costs and funding models set out in this paper and annexes are at an early stage, and are subject to further development and refinement by the council and its advisors. Individual projects will be subject to full business cases, with an analysis of value for money and funding options, including the extent to which investment can be funded externally, e.g. through government grants. Many of the measures which contribute to the 2030 target will result in reduced energy costs and/or income to the council, and the extent to which those efficiencies can offset the cost of investment is being explored. Projects will be considered, within the Council's approved budgets, through existing governance processes including the Capital Programme Panel and further Cabinet approvals where required.

Legal Implications – Monitoring Officer:

34. Delivering against the county's and SCC's own net zero carbon target is one of the Council's top four organisational priorities. There is currently no legal obligation for the Council to deliver against its, or the UK Government's net zero carbon target, however, it is expected that the Government's own Net Zero Strategy, expected to be published in coming months, may include incentives or requirements for local authorities to deliver on these targets.
35. In addition, the measures identified in the Delivery Plan will have their own legal implications, which will be considered and reported as part of the appropriate decisions taken in respect of these projects.
36. The Cabinet's Greener Future financial strategy and any annual spending proposals will be subject to agreement of the annual revenue and capital budgets by full Council at its budget meeting each year.

Equalities and Diversity:

37. A key principle set out in the Climate Change Delivery Plan is that no one should be left behind, focusing financial support towards those least able to pay, or most at risk of suffering the impacts of climate change.
38. The wide-ranging impacts of the initiatives proposed makes it impossible to produce a meaningful equalities impact assessment for the whole Delivery Plan. As such, equalities impact assessments (EIAs) will be undertaken as early as possible in the development of the initiatives identified in the Delivery Plan to ensure that these impacts are understood and that no one is left behind in the delivery of this critical agenda.

What Happens Next:

39. Should Cabinet approve the recommendations in this report, the following are the next steps:
- The Climate Change Delivery Plan will be launched at the University of Surrey Business Symposium on 24 November.
 - The Green Zones COP26 event on 10 November will be a key opportunity to highlight Surrey's climate change ambition and push for faster change.
 - The Initial Greener Futures Finance Strategy and the communications and engagement plan will be further evolved as the Government's Net Zero Strategy emerges
 - Where required, the new initiatives in the delivery plans for 2030 and 2050 will be developed into individual detailed business cases and taken through the appropriate decision making processes.

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Annexes:

Annex 1- Engagement Report

Annex 2- Climate Change Delivery Plan 2021-2025

Annex 2a- Climate Change Delivery Plan executive summary document

Annex 3- SCC Corporate net-zero 2030 Programme

Annex 4- Climate Change Finance Strategy

Annex 5- Greener Futures Member Reference Group Recommendations

Sources/background papers:

1. Surrey's Climate Change Strategy, Surrey County Council, May 2020;
https://www.surreycc.gov.uk/__data/assets/pdf_file/0003/225615/Surreys-Climate-Change-Strategy-2020.pdf
2. Global Warming of 1.5°C, Intergovernmental Panel on Climate Change, October 2018;
<https://www.ipcc.ch/sr15/>
3. Sixth Assessment Report, Intergovernmental Panel on Climate Change, August 2021;
<https://www.ipcc.ch/assessment-report/ar6/>

4. Net Zero – The UK’s contribution to stopping global warming, Climate Change Committee, May 2019, <https://www.theccc.org.uk/publication/net-zero-the-uks-contribution-to-stopping-global-warming/>
5. Local Authorities and the Sixth Carbon Budget, Climate Change Committee, December 2020, <https://www.theccc.org.uk/publication/local-authorities-and-the-sixth-carbon-budget/>