

MID SUSSEX NET ZERO TARGETS

REPORT OF: DEPUTY CHIEF EXECUTIVE
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Wards Affected: All
Key Decision: Yes
Report to: Scrutiny Committee for Housing, Planning, Economic Growth and Net Zero
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Purpose of Report

1. In accordance with the objectives of the Mid Sussex Sustainable Economy Strategy (April 2022) officers have been working with specialist consultants to prepare the evidence base to inform net zero targets for both the Council and District. The purpose of this report is to request the Scrutiny Committee to consider the evidence base (attached in Appendix 1) and the proposed net zero targets.

Summary

2. This Report:
 - Summarises the purpose of setting net-zero targets and their links to the Sustainable Economy Strategy and Action Plan (2022-2025);
 - Describes the process of preparing the net-zero target recommendations, including preparation of the evidence base;
 - Summarises the recommended net zero targets and the justification for these; and
 - Sets out next steps to achieving delivery of the proposed targets.

Recommendations

3. That the Scrutiny Committee:
 - (i) **Considers and comments on the following recommended net zero targets:**
 - a. **A District-wide net zero target aligned to the national target.**
 - b. **A Council-only net zero target of 2040 for emissions the Council can directly control.**
 - c. **A Council-only net zero target aligned to the national target for emissions the Council can only indirectly influence.**
 - (i) **Recommends to Council that the recommended net zero targets be approved.**

Background

4. In June 2019 the UK became the first major economy in the world to pass laws to end its contribution to global warming by 2050. The target will require the UK to bring all greenhouse gas emissions to net zero by 2050.
5. Net zero means achieving a balance between the greenhouse gases emitted into the atmosphere and the greenhouse gases removed from the atmosphere. If the emissions and removals balance out, net-zero has been achieved.
6. In August 2021 Mid Sussex District Council appointed specialist consultants Ricardo AEA to undertake a detailed analysis of carbon emissions and net zero target options for both the Council and the wider District of Mid Sussex. This evidence base will enable Councillors to make an informed decision when committing to a net zero target for both the Council and District.

7. A cross party Member working group consisting of eight Members drawn from the Scrutiny Committee was established to lead and inform the development of the draft Sustainable Economy Strategy (SES). SES Objectives and Actions will support delivery of net zero. Due to the close links to the SES, this working group also provided leadership on the initial stages of the carbon emissions and net zero target options analysis.
8. In January 2022 Ricardo presented the initial findings of their analysis to the working group. This presentation focused on the analysis of the Council and District-wide carbon emissions baseline.
9. In April 2022 the Council approved the Sustainable Economy Strategy and Action Plan (2022-2025) to support sustainable economic growth in Mid Sussex. This included Objective 13: Reduction in Carbon Emissions and 7 actions to achieve this Objective in the short and long term. One of the actions was to use the Ricardo analysis to create a Mid Sussex Net Zero Carbon Programme. The first step in delivering this action is to agree net zero target dates at both a Council and District-wide wide level.

Development of the Targets

10. In line with industry best practice, the development of a net zero carbon programme follows three stages, the first two of which are now complete:
 - (i) Carbon Emissions Baseline: Identify how much carbon is emitted and from which sources.
 - (ii) Carbon Pathway Modelling: Identify the technical feasibility of transitioning to carbon net zero by a hypothetical target date or dates.
 - (iii) Action Planning: Identify the actions required to achieve net zero by the target date agreed by the Council.
11. Ricardo has completed the Baseline work (Stage i) and the Pathway Modelling work at both a Council-only and District-wide level (Stage ii). Ricardo has submitted the final version of their analysis in the Net Zero Carbon Emissions Feasibility and Options Report. The report features the completed analysis undertaken in Stages (i) and (ii) and is attached as Appendix 1.
12. In September 2022 Ricardo presented the analysis of the Council and District-wide carbon reduction pathway to Councillors in a briefing. Officers presented the recommended net zero targets in the same briefing. This enabled all Councillors to understand the evidence base and rationale.
13. Ricardo has modelled the technical feasibility of transitioning to net zero by a 2040 and 2050 hypothetical net zero target date. In addition, and again in line with good practice, Ricardo reviewed the implications for a business as usual (or do-nothing) approach.
14. Stage (iii) cannot begin until the Council has agreed a net zero target.

Carbon Net Zero Target Recommendations

15. The Net Zero Carbon Emissions Feasibility and Options Report identifies, at both a Council and District-wide level, that a 2050 target is technically feasible, but delivery is heavily reliant on external factors.
16. The Report identifies, at both a Council and District-wide level, that a 2040 target is also technically feasible, but the pace of change is significantly increased and successful delivery is again heavily reliant on external factors which are not within this Council's control.
17. It is important to note that when assessing technical feasibility, the carbon pathway models make the following necessary assumptions:

- (i) That the necessary funding and resources (e.g. a skilled supply chain) are available.
- (ii) That the Government's future net-zero legislation happens on-time and has the anticipated impact.
- (iii) That key low-carbon technologies and fuels are proved feasible, commercially viable and become widely available.
- (iv) No unforeseen major events occur that changes the political calculus.

18. When creating the net zero target recommendations, Officers have considered a wide range of issues that could impact deliverability. The key consideration being that the Council only directly controls a very small percentage of its own carbon emissions (2.6%) and an even smaller percentage of the District's emissions (0.03%).

19. Therefore, the Council is heavily reliant on national legislation to successfully achieve net zero. While that national legislation is being phased in over future years, the Government's target is currently 2050. Officers would not recommend that the Council adopts an earlier target for emissions it has no control over as changes at a national level would significantly impact the deliverability of such a target.

20. Officers therefore recommend the following net zero targets:

- (i) A District-wide net zero target aligned to the national target.
 - a. This target is recommended because:
 - i. MSDC only directly control 0.03% of the Districts emissions
 - ii. In most areas MSDC can showcase/influence but rarely exert direct control.
 - iii. The Government has committed to a 2050 national target.
 - iv. The most impactful net-zero policy is controlled nationally.
 - v. It is sensible to align to the national net-zero target.
 - vi. The pathway analysis suggests that a 2050 target is feasible.
 - vii. The scope of change is massive, as is the potential cost to the District ¹.
- (ii) A Council-only net zero target of 2040 for emissions the Council can directly control.
 - a. This target is recommended because:
 - i. The pathway analysis suggests that a 2040 target is feasible for direct emissions.
 - ii. MSDC can control its direct emissions.
- (iii) A Council-only net zero target aligned to the national target for emissions the Council can only indirectly influence.
 - a. This target recommended because:
 - i. The pathway analysis suggests that a 2050 target is feasible.
 - ii. The emissions are outside MSDC's direct control and are therefore included in the District target.
 - iii. They represent 97% of MSDC's carbon emissions. 84% of that 97% are emitted from goods and services the Council buys through a Shared Procurement Service.

¹ As a reference point, Lambeth Council commissioned a study from the Carbon Trust to identify the cost of decarbonising the heating of all buildings in Lambeth. The study forecasted a cost of ~£3 billion for 63,900 buildings. That was the optimal cost scenario. In that scenario resident energy bills were forecasted to decrease only marginally. To generate a meaningful energy bill saving for building occupiers would require major electricity grid upgrades, increasing the cost to ~£6 billion. The study is available here: <https://beta.lambeth.gov.uk/environmental-services/climate-change-impact-plans/heat-decarbonisation-study>

Next Steps

21. Ricardo has been commissioned to prepare an Action Plan (Stage iii of the work) which will be informed by the targets agreed by the Council in November. Once the Council has agreed the target dates Ricardo will be able to prepare the Action Plan.
22. The SES (Objective 13) includes an action to use the Ricardo analysis to create a Mid Sussex Net-Zero Carbon Programme. The preparation of the Programme will build on the Action Plan to create an operational, and internal delivery programme to help achieve the agreed net zero targets.
23. This SES identifies that this work will be complete by 2023.

Risk Management Implications

24. There are no risk management implications associated directly with this report.

Equalities Implications

25. An Equalities Impact Assessment has been completed and can be found in Appendix 2.

Sustainability Implications

26. These net zero target recommendations have been created with the aim of reducing the carbon emissions of both the Council and the District as part of the UK Government's strategy to combat climate change.

Financial Implications

27. The budget for the Ricardo work was £50,940 and this will cover stages i, ii and iii identified in paragraph 13.
28. Ricardo has also been commissioned to undertake a deep-dive analysis of the Council-only emissions from procured goods and services that can only be indirectly influenced. These emissions make up a large percentage (~80%) of the Council's emissions but cannot be directly controlled by the Council. Therefore, additional analysis is required to help inform how the Council can most effectively influence its supply chain.
29. The cost of this additional commission is £11,015 and will be funded by the Sustainability Climate Change Reserve.
30. To track carbon reduction progress, it will be necessary to periodically re-baseline both the Council-only and District-wide emissions. The indicative costs and frequency are set out below:
 - (i) Council-only (directly controlled): once a year = £1,500
 - (ii) Council-only (indirectly influenced): every two years = £8,500
 - (iii) District-wide: every three years = £1,500
31. Therefore, the indicative total cost to the Council for the next three years is £14,500. A budget for this work will be included in the Council's budget in coming years.

Background Papers

32. Appendix 1: Net Zero Carbon Emissions Feasibility & Options Report For Mid Sussex (Ricardo)
33. Appendix 2: Net Zero Target Policy Equality Impact Assessment