

REPORT TO THE NORTH WALES ECONOMIC AMBITION BOARD
26 MARCH, 2021

TITLE: *Position Statement on Climate and Ecological Change*

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1. PURPOSE OF THE REPORT

- 1.1. To present a proposed position for the North Wales Growth Deal relating to climate and ecological change.

2. DECISION SOUGHT

- 2.1. To adopt the proposed position statement as set out in section 5.1 on how the Growth Deal projects will deliver against regional, Welsh Government and UK Government aspirations on climate and ecological change.
- 2.2. To note that all Growth Deal projects will need to set out to what degree they will deliver against the position statement and any relevant mitigations as part of the business case approval process.
- 2.3. To delegate to the Portfolio Director, authority to determine the appropriate means of implementation and measurement across the portfolio and to note that this will require external expertise to be commissioned to support the Portfolio Management Office.

3. REASONS FOR THE DECISION

- 3.1. Without a clear position from the Board on climate and ecological change, opportunities to shape project business cases may be lost. This could inadvertently result in Growth Deal projects increasing regional carbon emissions and biodiversity loss.

4. BACKGROUND AND RELEVANT CONSIDERATIONS

- 4.1. The Welsh Government and UK Government have made firm commitments to tackling climate change and reducing all greenhouse gas emissions to net zero. The UK target is to bring all greenhouse gas emissions to net zero by 2050 with a reduction to 61% of 1990 levels by 2030. The Welsh Government target is also to achieve net zero by 2050 but with an aspiration to deliver sooner and working towards a net zero public sector in Wales by 2030.
- 4.2. All six Local Authorities in North Wales have either declared a climate emergency or made commitments to being carbon neutral by 2030.
- 4.3. Across the UK, the private sector is also making significant commitments on reaching net zero. Examples include large supermarket chains like Tesco and Sainsbury's, insurance companies like Aviva, telecoms providers like BT and housing developer Barratt Developments. Locally, a number of prominent North Wales companies have made similar commitments include the housing association Adra and Airbus, who are one of the founding members of Mission Possible, a group working to decarbonise the industries most reliant on fossil fuels.

- 4.4. The approved Portfolio Business Case recognised that delivery of Growth Deal projects over the next 15 years presents an opportunity for the NWEAB to position North Wales for longer-term prosperity through consideration of the impact of climate change and biodiversity loss on the built and natural environment.
- 4.4. The HM Treasury Green Book provides guidance on how to appraise and evaluate projects. The Green Book suggests undertaking emissions analysis and natural capital' impact assessments, however they are not mandatory and may not provide the information the Board need to make a full and informed decision.

5. PROPOSED POSITION STATEMENT AND RATIONALE

5.1. Proposed Position Statement

The North Wales Economic Ambition Board commits to the national drive towards sustainable development, net zero emissions and mitigation of biodiversity loss. It is also determined to maximise regional training and employment opportunities that will underpin prosperity in a low carbon economy.

To drive these ambitions, all Growth Deal projects will aim to:

- **deliver to net zero operational carbon;**
- **deliver 40% less embodied carbon**
- **deliver a 10% net benefit for biodiversity.**

Projects will be encouraged to deliver above these aspirations. Where projects are unable to deliver against one of the aspirations above, projects sponsors will be required to set out a clear justification and mitigation strategy for the Board to consider. The Portfolio Management Office will work with project sponsors to deliver the best affordable solution for each project.

Rationale

- 5.2. Operational carbon refers to the amount of carbon emitted during the operational or in-use phase of a building or asset. Examples would be the lighting, heating and maintenance of a building and the design, location, orientation and operation of a building can significantly affect the levels of operational carbon emitted. Net zero operational buildings are highly energy efficient with all remaining energy from onsite and/or offsite renewable sources. The World Green Building Council has set the challenge organisations to reach net zero in operation for all assets under their direct control by 2030.
- 5.3. However, operational emissions are typically only a proportion of the total emissions generated by an infrastructure project. Other emissions are generated through material sourcing and processing, transport and construction as well emissions generated from demolition and waste at the end of life. Focusing solely on operational emissions will miss 'easy wins' mitigating emissions at other life cycle stages and miss local supply chain opportunities (e.g. local material sourcing with lower transport miles). Embodied carbon is the term used to reflect all these elements. The World Green Building Council has set the challenge for all new buildings, infrastructure and renovations to have at least 40% less embodied carbon by 2030. The diagram below provides a visual depiction of this pathway.

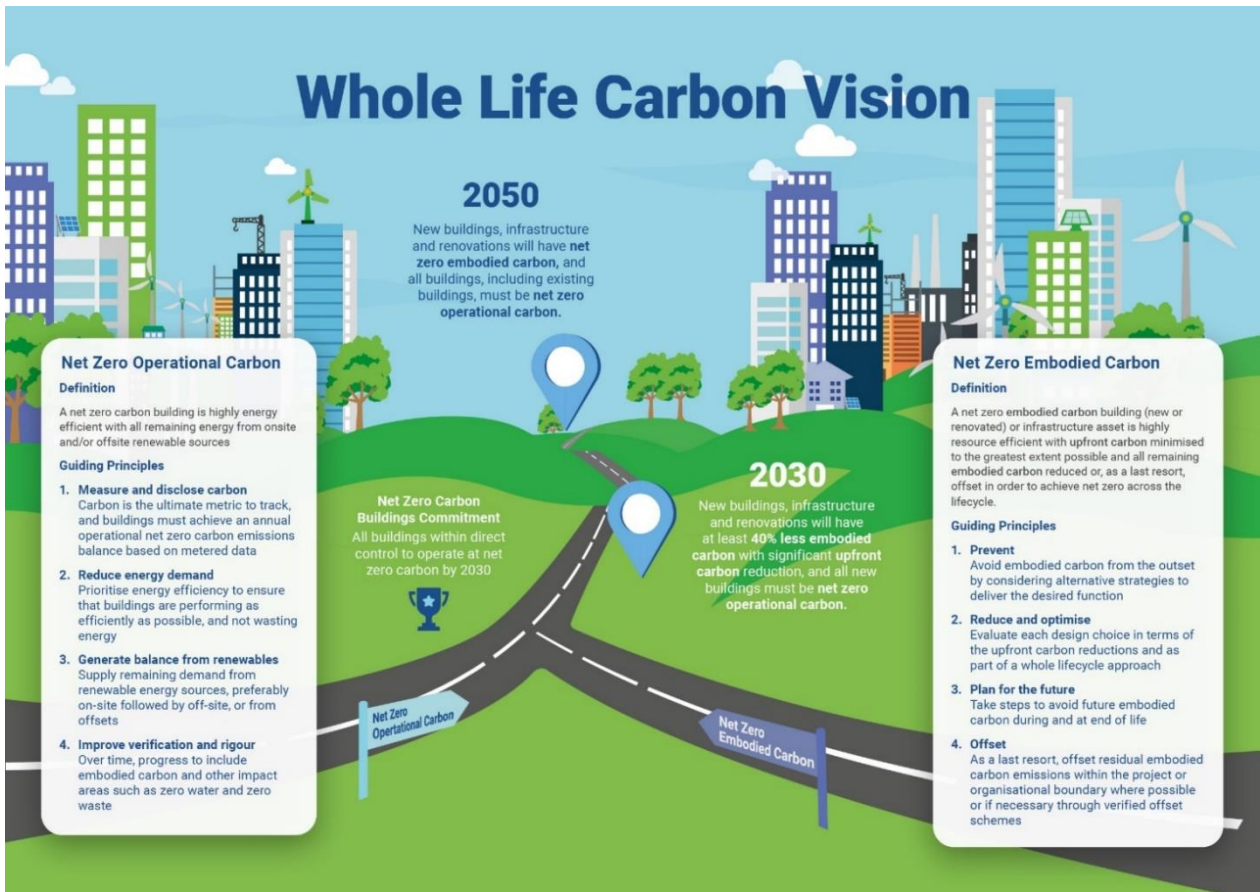


Figure 1: 'Whole Life Carbon Vision' infographic World Green Building Council

5.4. Planning authorities are already required to maintain and enhance biodiversity in the exercise of their functions. This means development should not cause any significant loss of habitats or populations of species, locally or nationally and must provide a net benefit for biodiversity. While there are no set targets in Wales at this time, DEFRA have set a target for all new development sites in England to demonstrate a 10% increase in biodiversity on or near development sites. This target was set following substantial engagement and consultation with stakeholders and a robust business case analysis of implications. The diagram below provides an illustration of how net gain proposals might work in practice.

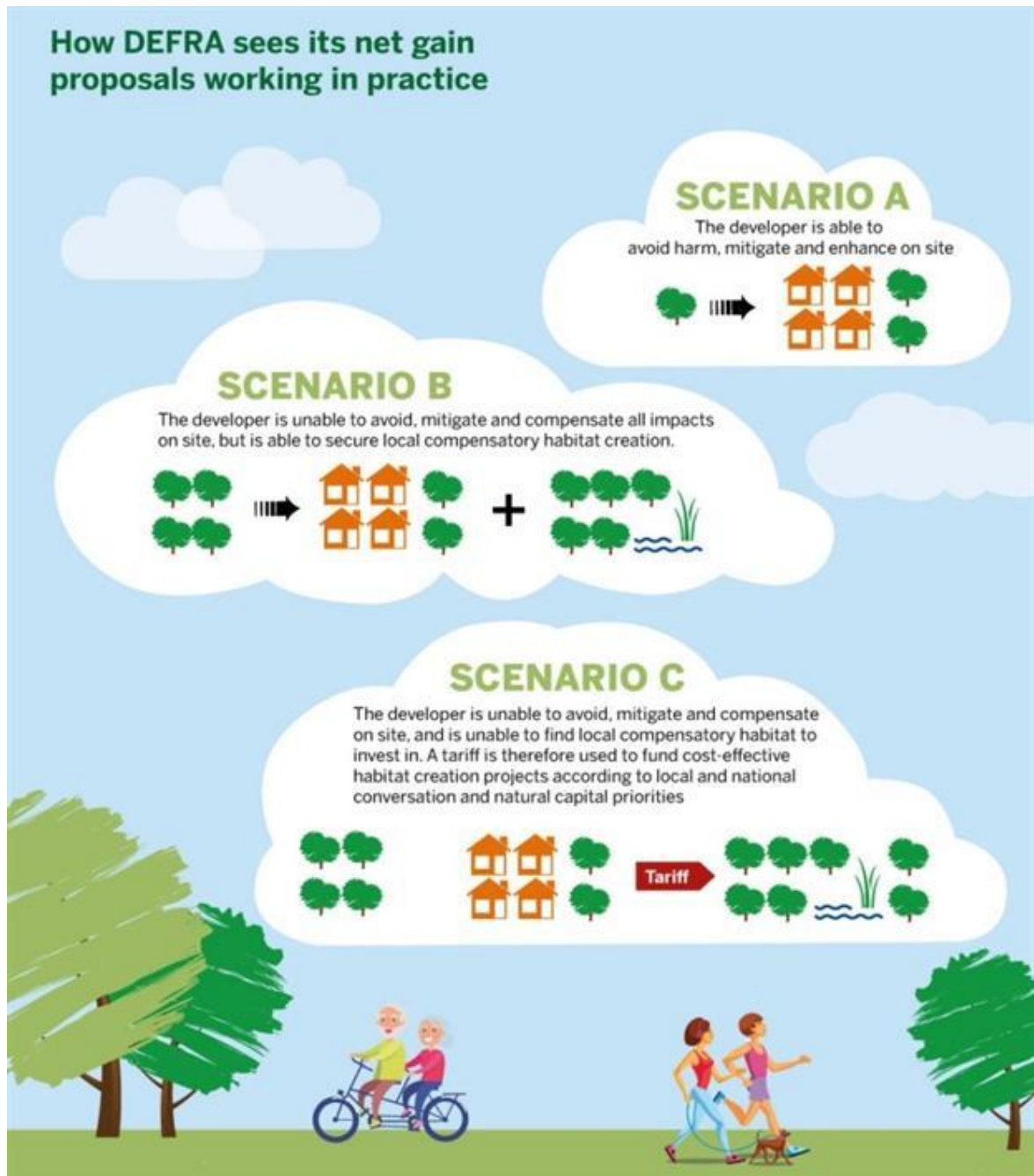


Figure 2: DEFRA Biodiversity Net Gain scenarios

6. IMPLEMENTATION

- 6.1. The North Wales Economic Ambition Board recognises the challenges of transitioning to a low carbon economy and that it may not be feasible for some of the most mature and well-defined projects within the Growth Deal to deliver on all these aspirations.
- 6.2. For concept projects or those at early stage of development, the aspirations within the position statement can be embedded into the business case development process at the outset. For those well-developed projects seeking OBC approval, the Portfolio Management Office will work with project sponsors to deliver the best affordable solution recognising the challenges and costs associated with scope changes at the later stages of project development. The diagram below provides a visual overview of how the Portfolio Management Office will work with projects of differing maturity levels to deliver against the position statement.

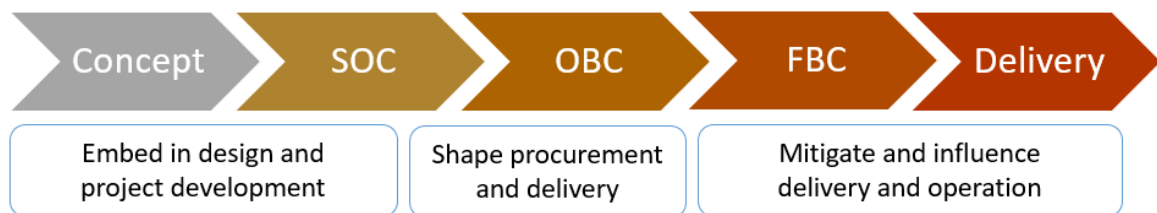


Figure 3: Project Maturity Pathway

- 6.3. There are a number of potential assessments that could be undertaken as part of the business case development process to help assess the impact of projects, including natural capital assessments, biodiversity net gain assessments and environmental impact assessments. The Portfolio Management Office will work with external experts to develop a proportional implementation process to allow the Board to make an informed decision on project business cases.

7. LEGAL IMPLICATIONS

- 7.1. There are no direct legal implications arising from this decision.

8. FINANCIAL AND RESOURCE IMPLICATIONS

- 8.1. The work to determine the appropriate means of implementation and measurement across the portfolio will be met through the existing Portfolio Management Office resources and budget.
- 8.2. Delivering on the aspirations set out in the position statement may have financial implications for Growth Deal projects, which could result in the need for project sponsors to secure additional funding, to adapt or reduce the scope of projects. Confirming a Portfolio position on this as early as possible will minimise additional costs incurred.
- 8.3. The Portfolio Management Office will work with project sponsors to deliver the best affordable solution for each project. This could include support to identify and secure additional funding sources, which is increasingly available for activities supporting the proposed position statement.

9. IMPACT ON EQUALITIES

- 9.1. The Well Being of Future Generations (Wales) Act 2015 requires public bodies in Wales to think about the long-term impact of their decisions, to work better with people, communities and each other, and to prevent persistent problems such as poverty, health inequalities and climate change. These proposed position statement is line with these aspirations and result in a positive impact for all residents and communities in North Wales.

10. CONSULTATIONS UNDERTAKEN

- 10.1. The paper and the proposed position statement were discussed with the Executive Officer Group (Portfolio Board) on 12 February and 12 March, 2021.

APPENDICES:

Appendix 1 Background Information (Technical Report)

STATUTORY OFFICERS RESPONSE:

i. Monitoring Officer – Host Authority:

“The Final Deal Agreement highlights the low carbon programme as a consistent theme. As referred to in the report the Boards duties under the provisions of the Well Being of Future Generations (Wales) Act 2015 are also relevant to this agenda. It is important therefore that that the Board takes steps to establish how it intends to bring these matter together in the Programmes.”

ii. Statutory Finance Officer (the Host Authority’s Section 151 Officer):

“Part 8.2 of this report explains that “delivering on these [environmental] aspirations may have financial implications for Growth Deal projects”, and that there’s a risk that affordability of the commitment sought here could mean “reducing projects’ scope”. Further, before making these environmental commitments their priority, members might wish to consider other aims, e.g. social & cultural goals, and the likely total cost thereof within the projects’ cost envelope. However, I agree with part 8.3 of the report that we must work “to deliver the best affordable solution for each project.”