



Llywodraeth Cymru  
Welsh Government

# Call for Evidence

Decarbonisation of Public Sector

July 2017

## **Decarbonisation of the Welsh Public Sector - Call For Evidence**

### **Overview**

Our ambition is decarbonise the Public Sector. This ambition was supported by the National Assembly for Wales in debate on decarbonisation in the Public Sector on the 27<sup>th</sup> June 2017. This call for evidence has been issued to help the Welsh Government plan the process of decarbonisation in the public Sector. The following pages outline what the Welsh Government has done and is committing to do to meet our decarbonisation targets. At the end of the document are a series of questions we would be grateful if you could answer and return to us by 14<sup>th</sup> September 2017.

### **How to respond**

Please submit responses by email or post, along with the consultation response form at the end of this call for evidence. The call for evidence and response forms are available on the Welsh Government's website:

<http://gov.wales/topics/environmentcountryside/climatechange/public-sector-decarbonisation/>

**Data protection** - How the views and information you give us will be used  
Any response you send us will be seen in full by the Welsh Government staff dealing with the issues which this call for evidence is about. It may also be seen by other Welsh Government staff to help them plan future consultations.

The Welsh Government intends to publish a summary of the responses to this document. We may also publish responses in full. Normally, the name and address (or part of the address) of the person or organisation who sent the response are published with the response. This helps to show the consultation was carried out properly. If you do not want your name or address published, please tell us this in writing when you send your response. We will then blank them out.

Names or addresses we blank out might still get published later, though we do not think this would happen very often. The Freedom of Information Act 2000 and the Environmental Information Regulations 2004 allow the public to ask to see information held by many public bodies, including the Welsh Government. This includes information which has not been published. However, the law also allows us to withhold information in some circumstances. If anyone asks to see information we have withheld, we will have to decide whether to release it or not. If someone has asked for their name and address not to be published, it is an important fact we would take into account. However, there might sometimes be important reasons why we would have to reveal someone's name and address, even though they have asked for them not to be published. We would get in touch with the person and ask their views before we finally decided to reveal the information.

### **Contact details**

For further information:

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## **The Background For This Call For Evidence**

The Welsh Government, along with forward thinking Local Authorities, universities, colleges, health boards and trusts across Wales are, making efficiencies, reducing costs and seizing the wider economic and social benefits from taking action on emission reduction. Our figures for 2014 show the Public Sector, has already reduced their emissions by 57% since 1990. This has been achieved through more efficient use of fuels and a switch to gas fired heating across Wales for many Public Sector buildings. This demonstrates Wales is at the forefront of global action on climate change, but is doing so in a way which prepares Wales for the future.

Collectively the Public Sector has one of the largest estates in Wales and therefore has an important role in reducing its own emissions and influencing others to take similar action. Public Sector action is about dramatically cutting both the direct energy consumption and carbon emissions of the Public Sector estate and the indirect emissions from the delivery of essential services, including key areas such as procurement.

The 21<sup>st</sup> Conference of the Parties to the United Nations Framework Convention on Climate Change (COP21) saw a new international agreement being signed by 195 national governments - the Paris Agreement. The agreement not only sets the context for tackling the causes and consequences of climate change but it also sets the context for the Decarbonisation of the global economy.

In Wales, fully endorse the Paris Agreement, and have legislation in place to deliver on this important long term goal. The Environment Acts commits Wales to a long term target of reducing emissions by at least 80% by 2050 as well as interim targets and 5 yearly carbon budgets. The Act sets a long term framework for decarbonisation, creating clarity and certainty to enable low carbon action and investment. The transition to a low carbon economy not only brings opportunities around energy efficiency, clean growth, quality jobs, and global market advantages but also has wider benefits of enhanced places to live and work, with clean air and water and improved health outcomes.

Although the Public Sector only accounts for a small amount of Wales' emissions (currently only around 1%), leadership is needed at both the national and local level to achieve the depth of decarbonisation required. The Public Sector is uniquely placed to not only ensure their buildings are efficient, but also influence emissions far more widely through the delivery of their services, procurement of goods and services and influencing action through our local communities.

The Public Sector also needs to ensure it is efficient in terms of their bottom line. In this challenging economic climate, how we respond to the challenges and the investments we make now will determine the ability of the Public Sector to continue to deliver services and support our collective future in Wales. Decisions made today will either usher in a new era of collaboration and efficiency, or lock us into outdated and ultimately more carbon expensive pathway, threatening delivery of key services.

## **Current Position**

The Welsh Government has a long track record of delivering and supporting carbon reduction in the Public Sector. Since 2009 we have had a Climate Change Strategy in Place, with a focus on reducing emissions in the Public Sector in key areas such as supporting behaviour change, community action and reducing the carbon footprint of the health services and education through key programmes such as 21<sup>st</sup> Century Schools. Alongside these actions, legislation has been implemented through EU, UK and Welsh interventions through the Carbon Reduction Commitment, Climate Change Levy, Energy Performance Certificates and most recently the Well-being of Future Generations Act.

Our waste treatment has been transformed since devolution, with municipal recycling rates increasing from less than 10% to over 60% and total greenhouse gas emissions from the waste management sector reduced by 72% by 2015. Towards Zero Waste (2010) (TZW), our overarching waste strategy, set out how we would manage waste in Wales to produce benefits not only for the environment, but also for our economy and social wellbeing. The strategy outlines our ambition of becoming a high recycling nation by 2025 and a zero waste nation by 2050. Wales now leads the UK in recycling municipal waste by a significant margin. It is also in second place in relation to the performance of EU member states and third in the world according to a recently published study.

The Welsh Government have additionally focussed support to identify opportunities for energy efficiency within public buildings, and renewable energy projects, with technical, commercial, and procurement support supplemented by Invest to Save type finance. The savings derived from reduced costs are used to repay the investment finance. The Welsh Government, through the Green Growth Wales initiative, has brought together existing support and finance arrangements in a single package and supplemented them with commercial support and Re:fit Cymru, which provides guaranteed energy savings. Taken as a whole, this provides a Public Sector support package unrivalled in the rest of the UK.

By the end of the current Government term, we expect to have nearly £70m invested in Public Sector energy projects, but the opportunity is much bigger. Green Growth Wales' initial work identified a pipeline of projects with a capital value approaching £500m. Our work has subsequently focused upon accelerating and de-risking the delivery of the viable projects within the pipeline. Our business case for Green Growth Wales identified the need for an investment fund capitalised with a minimum of £50m, which can continue to recycle as repayments are made. This gives us the opportunity to make around £650m in cash savings on energy, and reduce emissions by 2.5m tonnes of CO<sub>2</sub>, over the lifetime of the assets we finance.

The Welsh Government has also financially supported Natural Resources Wales' (NRW) Carbon Positive Project. The Carbon Positive Project has evaluated Natural Resources Wales' net carbon status, accounting for both greenhouse gas emissions and carbon sequestration across the whole of NRW's owned and managed estate. As part of this, NRW calculated emissions across the full range of their activities and operations, including buildings, transport, land, assets, and the procurement of goods and services.

The project has also identified mitigation opportunities to reduce NRW's carbon impact as an organisation and delivered a suite of projects to demonstrate these measures, including energy efficiency, renewable energy, electric vehicles and charging infrastructure, peatland restoration, and trialling carbon management tools in procurement. A number of emissions mitigation strategies are being explored including the opportunity for using current low emission vehicle technologies to achieve up to 27% fleet emissions savings alongside a 5% cost saving. The project is putting in place a plan for future implementation of mitigation measures, embedding carbon management across the organisation and facilitating NRW becoming an exemplar in carbon management.

The project's findings indicate the importance of taking a comprehensive approach to estimating an organisation's net carbon status to fully understand the carbon impact. Provisional results show that in 2015/16, NRW emitted greenhouse gases totalling 41,200 tonnes CO<sub>2</sub>e. The results show direct emissions were only a small percentage of total emissions, whilst the vast majority of NRW's greenhouse gas emissions were indirect, for example, from the procurement of goods and services (55%), and staff commute and homeworking (7%). Figures on carbon sequestration on the NRW estate are now being finalised and indicate the organisation is net carbon positive; storing more carbon annually than it is releasing through its operations.

NRW will be sharing the learning from Carbon Positive Project over the coming months, to help to disseminate best practice in carbon management across the Welsh Public Sector.

Whilst our support to the Public Sector has given the Welsh Government a good understanding of certain areas of activity, our understanding needs to grow further so we can take the appropriate strategic action to drive carbon savings, whilst delivering financial savings for the Public Sector alongside delivering economic and social benefit. This Call for Evidence is part of the process and will inform our approach.

### **What Are Others Doing?**

Over 195 countries have signed up to the Paris Agreement, setting the pathway for global decarbonisation. State and Regional governments have recognised climate change is a global phenomenon and action is needed at the local level, resulting in movements such as the Global Covenant of Mayors for Climate & Energy.

Across the United Kingdom, the Public Sector is already playing its role, increasing energy efficiency and reducing costs and emissions, however there are contrasting approaches across Government.

The Scottish Government has implemented a reporting duty on public bodies where they are expected to report yearly on a number of areas including:

- Governance, decision making, metrics;
- Baseline carbon footprint year including scope 1 and 2 emissions and 3 if possible;
- Export of renewable energy;
- Estimated carbon savings from future projects; and

- Procurement objectives

By contrast, the UK Government is updating its Emission Reduction Plan and is expected to increase action around the Public Sector to help reach its 5<sup>th</sup> carbon budget.

British Columbia has legislated to ensure the entire Public Sector be carbon neutral by reducing its greenhouse gas emissions to net-zero each year<sup>1</sup>. Since 2010, the entire Public Sector has been measuring greenhouse gas emissions which include energy use from buildings, fleets, equipment and paper. Core government has also gone a step further and measured emissions from travel.

Adelaide, in South Australia, aims to become the first carbon neutral city in the world by 2025<sup>2</sup>, with Public Sector operations to be carbon free as early as 2020. This will be achieved through a range of actions including implementing a procurement plan for all Council vehicles to be low or zero emissions by 2025 and undertaking energy efficiency upgrade opportunities in all Government and Council owned or occupied buildings.

Copenhagen intends to become the first carbon neutral Capital in the world by 2025<sup>3</sup>. The City of Adelaide has already achieved a 20% reduction in carbon emissions coupled with a 28% economic growth in the same timeframe showing the sustainable growth opportunities.

Carbon neutral initiatives, however, are not restricted to the Public Sector. Business such as Marks and Spencer's are also looking to carbon neutral status whilst other companies such as those in the RE 100<sup>4</sup> network like BT, Ikea, Microsoft and Lego have made commitments to go 100% renewable recognising the market opportunities, cost savings and efficiencies to be achieved.

### **Scope 1, 2 and 3 Emissions**

Public Sector organisations can have an influence on a wide range of emissions, both directly and indirectly. To better understand the sources of emissions, they are typically broken into scopes 1, 2 and 3.

**Scope 1 emissions** – are commonly referred to as direct emissions and are emissions owned or controlled by the organisation. This means emissions as a result of the combustion of fossil fuels for heating, industrial processes and business vehicles.

**Scope 2 emissions** – are commonly referred to as energy indirect emissions and are emissions from the consumption of sources of energy generated upstream from the organisation, such as electricity or steam.

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<sup>1</sup> <http://www2.gov.bc.ca/gov/content/environment/climate-change/public-sector/carbon-neutral>

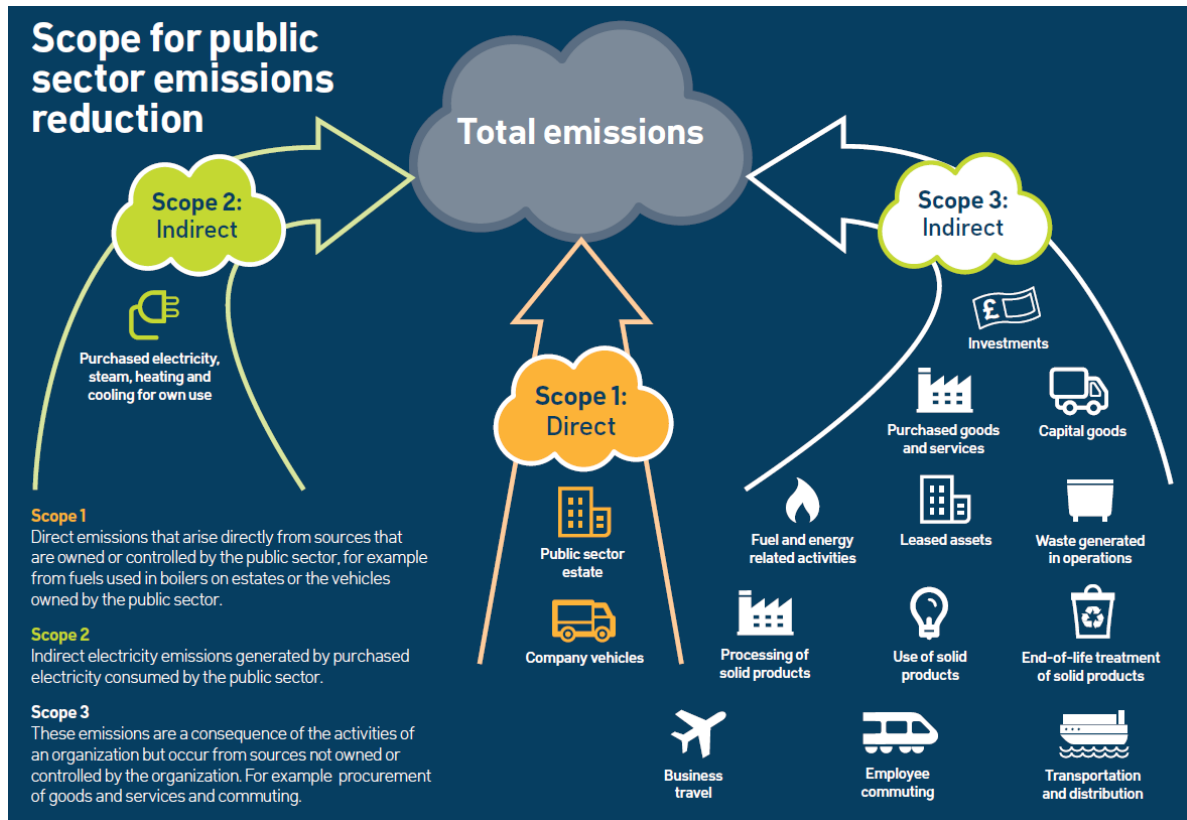
<sup>2</sup> <http://www.cityofadelaide.com.au/city-living/sustainable-adelaide/carbon-neutral-adelaide/>

<sup>3</sup> <http://denmark.dk/en/green-living/copenhagen>

<sup>4</sup> <http://there100.org/companies>



**Scope 3 emissions** – are commonly referred to as other indirect emissions and are emissions as a consequence of the operations of the organisation but not directly controlled by the organisation. These emissions result from employees commuting, business travel or the procurement of goods and services. Scope 3 emissions are typically the largest portion of an organisation’s emissions and as described earlier, this was the case for NRW through its Carbon Positive project.



## **Our Ambition**

Part 2 of the Environment (Wales) Act 2016 places a duty on the Welsh Ministers to ensure the net Welsh emissions account in 2050 is at least 80% lower than the baseline. Whilst the Welsh Government will use all available levers to achieve the commitment, some levers are more directly under the Welsh Government influence and these areas will be targeted early. It is therefore the Welsh Government’s ambition to set challenging but achievable decarbonisation targets for the Welsh Public Sector as a whole.

The reasons however, go far further than merely control and carbon. The Welsh Public Sector must take a leadership role in an area of such significant impact upon our citizens, communities and businesses. For example, the Welsh Government is committed to further developing the low carbon economy in Wales and driving decarbonisation in the Public Sector in Wales will provide an important and consistent policy signal for investors and businesses. Decarbonisation in the Public Sector, whilst challenging, is also easier to achieve than other areas of the economy. Decarbonisation must therefore be deeper than the 80% for the whole economy and be achieved relatively quickly and must consider all Public Sector activities.

Our overall ambition is therefore for the Public Sector to be carbon neutral by 2030. However, within this ambition there are choices and this Call for Evidence will explore those choices, in terms of the definition of the Public Sector; scope of emissions to be counted; the definition of carbon neutral; and how the ambition monitored and reported against.

It may also be appropriate to set interim ambitions to ensure progress is not only maintained but accelerated. For example, NRW are able to target interventions because they have undertaken robust analysis of the sources of their emissions. It may therefore be appropriate to set a shorter term ambition for every Public Sector body has undertaken a similar analysis by the end of 2020 to help inform their Well-being objectives in 2021.

### **Definition of the Public Sector**

The Well-being of Future Generations (Wales) Act 2015 already places a legal duty upon a number of public bodies to demonstrate how they are prioritising action on climate change. The Act contains seven goals, including:

- A Prosperous Wales - described as ‘an innovative, productive and low carbon society which recognises the limits of the global environment and therefore uses resources efficiently and proportionately (including acting on **climate change**); and which develops a skilled and well-educated population in an economy which generates wealth and provides employment opportunities, allowing people to take advantage of the wealth generated through securing decent work’;
- A Resilient Wales - described as ‘a nation which maintains and enhances a biodiverse natural environment with healthy functioning ecosystems to support social, economic and ecological resilience and the capacity to adapt to change (for example **climate change**)’;
- A Globally Responsible Wales - described as ‘a nation which, when doing anything to improve the economic, social, environmental and cultural well-being of Wales, takes account of whether doing such a thing may make a positive contribution to global well-being’.

The Act also puts in place a ‘sustainable development principle’ which tells organisations how to go about meeting their duty under the Act. In requiring a public body to adopt sustainable development, they are required to ‘**act in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs**’.

The public bodies covered by the Well-being of Future Generations Act are:

- Welsh Ministers;
- Local Authorities;
- Local Health Boards;
- Public Health Wales NHS Trust;
- Velindre NHS Trust;
- National Park Authorities;
- Fire and Rescue Authorities;
- Natural Resources Wales;

- The Higher Education Funding Council for Wales;
- The Arts Council of Wales;
- Sports Council of Wales;
- National Library of Wales; and
- National Museum of Wales.

By contrast, the Environment (Wales) Act, makes no definition of the Public Sector in Part 2, which covers climate change. There is however a definition of duties of ‘public authorities’ in Part 1. The definition of ‘public authority’ is wider than the definition of ‘public body’ in the Well-being of Future Generations Act: The Environment Act definition of public authority is:

- the Welsh Ministers;
- the First Minister for Wales;
- the Counsel General to the Welsh Government;
- a Minister of the Crown;
- a public body (including a government department, a Local Authority, a local planning authority and a strategic planning panel);
- a person holding an office—
  - under the Crown,
  - created or continued in existence by a public general Act of the National Assembly for Wales or of Parliament, or
  - the remuneration in respect of which is paid out of money provided by the National Assembly for Wales or Parliament;
- a statutory undertaker (a person authorised by any enactment to carry on any railway, light railway, tramway, road transport, water transport, canal, inland navigation, dock, harbour, pier or lighthouse undertaking or any undertaking for the supply of hydraulic power);

The report of the Commission on Public Service Governance and Delivery (2014), also recognised the issue and recommended Welsh Government to maintain a list of public sector organisations, which was published in January 2016<sup>5</sup>.

### **Scope of Emissions**

As described above, much of the support to date offered by the Welsh Government to the Public Sector to decarbonise has been upon reducing ‘direct’ and ‘energy indirect’ emissions. However, as described above, ‘other indirect’ emissions are expected to dominate the emissions of the Public Sector. It is therefore expected all emissions will be counted within the ambition.

### **Monitoring and Reporting**

Whilst 2030 may be considered to be some time distant, it is enormously important for current decarbonisation efforts are not only continued in the short term, but also increased. It cannot be the case where the Welsh Public Sector leaves the actions to others in the future. It is why a process of progress monitoring is proposed against a historic baseline. This will also, as with counting a wide scope of emissions, enable

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<sup>5</sup> <http://gov.wales/topics/improvingservices/devolution-democracy-delivery/register-of-public-bodies/?lang=en>

the public and businesses to see how our commitment is being delivered and offer opportunities for learning. Under the Well-being of Future Generations Act a number of Public Sector bodies already have reporting duties. There are a number of different ways Public Bodies could report. For instance through existing requirements under the Well-being of Future Generations Act, through a report approach similar to Scotland or through a portal similar to existing Carbon Reduction Commitment requirements.

The current expectation, given the clear leadership offered by the Welsh Government in enacting both the Environment (Wales) Act 2016 and the Well-being of Future Generations (Wales) Act 2015, there will be no need to legislate further to encourage the Welsh Public Sector achieve the target of carbon neutrality by 2030, or to mandate performance monitoring. All public bodies will be expected to voluntarily adopt the appropriate approaches, which will be informed by this Call for Evidence. It is however proposed the Welsh Government will monitor adoption and adjust if the need arises.

### **Carbon Trading , Off-setting and Carbon Neutral**

Whilst many of the levers for decarbonising the Public Sector rest with the Public Sector, there is the recognition that developments beyond our control will affect delivery of our ambition. The gas network which we rely upon for much of our heating for example will not be fully decarbonised by 2030 and electrifying all Public Sector heat may not be feasible. As a consequence it is our intent to develop offsetting proposals, which the Public Sector will be able to utilise. Offsetting may also be able to bring further economic stimulus to Wales providing opportunities for businesses and citizens and will be separate from international offsetting arrangements.

Carbon Neutral means having a net zero carbon impact and therefore marries with carbon offsetting. For example, the City of Adelaide describes carbon neutral as having no net impact on the amount of operational greenhouse gases released into the earth's atmosphere in a year. This is achieved by reducing greenhouse gas emissions arising from the operational activities in the City of Adelaide local government area and off-setting remaining greenhouse emissions once all cost effective and reasonable measures have been exhausted.

### **Questions and Feedback**

The following questions are intended to enable Public Sector bodies, stakeholders and wider actors to contribute evidence to this call. Our ambition above may be considered too stretching to some, whilst appearing insufficient to others. It is the intent of the Welsh Government to understand these views, but this is achieved through evidence in support of opinion.

Q1. The 'Public Sector' can be defined in many ways. Can you provide evidence to suggest one definition may be more suitable to achieving our aims or would deliver a particular economic, social or environmental benefit to Wales?

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Q2. What evidence can you offer to suggest the headline target of a carbon neutral Public Sector by 2030 is insufficient, appropriate or too challenging? This question may be best answered by referencing your response to Question 1 and considering the benefits and challenges with such an approach.

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Q3. We believe great benefit to Wales will be achieved should the carbon neutral Public Sector ambition cover all scopes of emission. You may however believe a reduced scope should be used. We would like to hear your views and see supporting evidence in your response.

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Q4. In setting out our intent to monitor progress, there are options for how this can be best achieved. What evidence do you have to suggest one approach is likely to be more successful than another?

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Q5. If monitoring is introduced, it enables the ability to set interim targets. Do you think interim targets would be useful? If so, would interim targets cover all scopes, be mandatory or voluntary? Would interim targets be annual or is it more prudent to set fewer interim targets? Can you offer evidence to support your views?

Q6. A great number of actions will need to be implemented by the Public Sector to deliver our decarbonisation aims. Can you provide evidence of which actions might be capable of rapidly reducing carbon emissions? If you represent a public body, can you articulate what you have already done? If you represent a service provider, can you offer evidence of how your goods or services can contribute in a significant way to Public Sector decarbonisation?

Q7. We have outlined our belief that carbon offsetting or trading will be required for the Public Sector to achieve carbon neutrality by 2030 and this approach offers significant opportunity to drive wider economic and social benefit. Can you offer evidence of where carbon trading schemes have been successfully deployed by the Public Sector?