

Partnership Council for Wales – 13th March 2024 – WLGA Climate Change Update

Purpose

1. This report provides an update on the work of four task and finish groups established by the Climate Strategy Panel (CSP), identifying progress against the commitments in the Net Zero Wales document (see Appendix 1). It also reports briefly on a meeting with representatives from the pension funds in Wales in December 2023, to discuss pension fund decarbonisation.

Background

2. A report to the last Partnership Council meeting on 8th November provided an overview of the work of each of the task and finish groups. Since then, each group has reported to the main CSP on progress against their respective Net Zero Wales commitments. A headline summary of each of those reports is included below. Each group has looked at the relevant commitments (see Appendix 1) and assessed progress to date, whether driven by the group itself or via other means.

Progress against commitments

(a) Procurement

3. Progress to report on land use has been as follows:
 - Oct 2022 – the group commissioned a report "*Supporting LA's with the decarbonisation of emissions from procured goods and services*" which recommended:
 - Early adoption of WPPN 06/21¹ and Carbon Reduction Plans (CRPs).
 - Introduction of a requirement for validation and verification of CRPs.
 - Introduction of a Sustainable Procurement Toolkit and Guidance for councils, developed by the WLGA climate programme, that highlights resources and approaches to further addressing carbon emissions.
 - Early 2023 – the WLGA LA Sustainable Procurement Toolkit was launched,, with training provided in March and September
 - Initial plans for a deep dive piloting the Toolkit with two councils were changed in light of feedback from the procurement and commercial community and it was agreed instead to support all 22 councils via:
 - Enhancement of the Sustainable Procurement Toolkit with added focus on social care

¹ WPPNs are Welsh Procurement Policy Notes issued by Welsh Government.

- support to councils and their supply chains in producing Carbon Reduction Plans
- mapping Net Zero activity and tools across the public sector to aid collaboration and avoid duplication.

(b) Transport

4. Progress to report on transport has been as follows:

- Roll out EV charging infrastructure across Wales being supported by Transport for Wales: barriers include grid capacity, connection delays and legal issues
- Progress with fleet transition - good examples of individual and collaborative action but, generally, most councils are behind schedule. Welsh Government Energy Service (WGES) are providing support to all LAs on their fleet transition planning
- Net Zero commitment on buses and taxis is not totally within gift of local government but progress to report (e.g. 'try before you buy' taxi pilots)
- Working with WGES on commuting and 'grey fleet'.

(c) Buildings

5. Progress to report on buildings has been as follows:

- A strategic plan covering all local authority estate, including retained housing, was to be developed by the end of 2023. This work is behind schedule but, in 2022, Ystadau Cymru commissioned a study focused on North Wales looking at the scale and nature of a decarbonisation strategy for buildings to 2030 and this is being built upon, looking at councils' estate rationalisation plans
- A Low Carbon Heat Grant has been introduced by Welsh Government for councils. Each year from 2023/4 to 2025/26 £20m will be made available for capital works retrofitting low carbon heat solutions in non-domestic, local authority-owned buildings
- Under the Optimised Retrofit Programme councils and RSLs are installing decarbonisation measures in existing social housing stock
- Some councils have undertaken studies to cost building decarbonisation and work is being commissioned to collate the picture across Wales
- The Sustainable Communities for Learning Programme is working towards Net Zero, with all school projects now required to demonstrate carbon reduction in their building and operation.

(d) Land use

6. Progress to report on land use has been as follows:
 - Local authority land holdings were mapped in preparation for the development of a digital land use tool
 - The tool, developed in association with DataMapWales, is a decision-making resource to provide leaders with evidence to assist decisions on land use
 - A half day's training on the tool is being provided for all councils
 - Natural Resources Wales' National Peatland programme (NPAP) is to be expanded from spring 2024, helping with the peatland commitment
 - The group has considered issue of offsetting, identifying that it should be used only as a last resort, once all possible steps to decarbonise have been taken.
7. In all these four areas, then progress is being made against the commitments that were signed up to by councils. Further progress will be a challenging in light of budgetary constraints all councils face. However, some of the measures can save money and/or generate income over their lifetime (e.g. renewable energy generation on council land, fewer and more energy efficient buildings, electric vehicles with lower running and maintenance costs).
8. In addition, innovative forms of financing projects need to be explored. If projects are undertaken strategically and at scale across councils, unit costs may be lower (as found with the recent collaborative procurement of EVs). There may be also sources of borrowing using 'patient capital' with long repayment terms and/or no repayments in the initial years.

Pension fund event

9. In December 2023 WLGA, together with Friends of the Earth, facilitated an event to build on conversations across Wales on the decarbonising of pension funds. Members and officers were invited. The event was chaired by Councillor Chris Weaver, Chair of the Wales Pension Partnership Governance Committee.
10. Various guest expert speakers shared their experience of moving towards a sustainable pension. They included the following:
 - Prof. Iain Clacher from Leeds University Business School ([Ian Clacher](#))
 - Sarah Foster from The Good Economy ([Creating a Good Economy | The Good Economy](#))

- Jeff Dong from Swansea Pension Fund ([Welcome \(swanseapensionfund.org.uk\)](http://swanseapensionfund.org.uk)).

11. There was also a plenary discussion which covered the following issues
 - What are the challenges to decarbonising pensions? How can we overcome these barriers?
 - How can investment contribute to more sustainable investment?
 - What are the next steps? What support and resources are required?
12. It was acknowledged that the primary role of the funds has to be ensuring the funds meet pension requirements of their members. However, there was general agreement on the potential for a share of the funds to be used to support expansion of sectors that generate a return but also contribute positively towards net zero goals and reversal of nature loss. Affordable housing, targeted SME finance, clean energy and natural capital were all identified as examples that have such potential. It was noted that efforts are being made to develop a common framework that the eight funds in Wales can work towards in terms of decarbonising their funds.
13. Whereas much pension fund investment is currently in global listed bonds, possibilities in terms of a greater focus on place-based impact (PBI) investments were identified. The Greater Manchester fund, for example, is currently investing 5% of its fund in projects in the region. The meeting also heard about the Swansea Fund's investment in timber and sustainable grassland, contributing to carbon sequestration and biodiversity.
14. There was support to hold a further meeting to explore the issues further. WLGA has held a meeting with Friends of the Earth to start planning ahead for such a follow-up event.

Recommendations

15. It is recommended that Partnership Council notes the progress made by the CSP tasks and finish groups and also the ongoing discussions in relation to the potential of pension fund decarbonisation.

APPENDIX 1 – Local government commitments

The commitments made by local government and included in Net Zero Wales ([42949 Second All Wales Low Carbon Delivery Plan \(2021-2025\) \(gov.wales\)](#)) are shown in the table below.

Net Zero Wales LG Commitments
Buildings <ul style="list-style-type: none">- Develop and deliver a strategic plan for decarbonising local authority estate. <p><u>Ystadau</u> Cymru as strategic lead;</p> <ul style="list-style-type: none">- Strategic plan for decarbonising buildings by end of 2023.- All public buildings supplied with low carbon heat by 2030.- All new public sector buildings are built to net zero standard.
Procurement <ul style="list-style-type: none">- Develop understanding of emissions profile of all procured goods and services by end of 2022.- Carbon reduction specifications in all new or reviewed contracts.- Focus on a number of priority contracts and share learning re. decarb across LAs by end 2022 – to develop a decarb approach to be applied to all contracts by 2023.
Mobility & Transport <ul style="list-style-type: none">- Build on fleet reviews and develop plans for transforming fleet, inc. EV charging infrastructure, all new cars and light goods vehicles ULEV by 2025, reduce carbon footprint of buses, taxis and private hire vehicles to zero by 2030.- Grey fleet review to be completed by end of 2022 (working with WGES)- Support remote working where possible, at home or in hubs. Encourage active travel and public transport.
Land Use <ul style="list-style-type: none">- Map out local authority land holdings by April 2022 to identify types of land and their potential for carbon sequestration, renewable energy and flood management.- Carbon sequestration seen as a core purpose for public land by leaders.- Develop 5 year training and apprenticeship programme and peatland restoration to support the supply chain.