

Committee(s)	Date:
Policy & Resources	8 th April 2021
Subject: Year 1 plan for Climate Action	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	1, 5, 7, 10, 11, 12
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	NA
What is the source of Funding?	CAS programme funding
Has this Funding Source been agreed with the Chamberlain's Department?	
Report of: Damian Nussbaum, Director of Innovation & Growth	For Decision
Report authors: Grace Rawnsley, Chamberlain's Department Stuart Wright, Climate Action Programme Manager, Innovation & Growth Julia Makin, Climate Action Stakeholder Engagement Lead, Innovation & Growth	

Summary

This paper sets out the implementation plan for year 1 of the Climate Action Strategy (CAS) programme. It provides Members with an overview of the year 1 activity and outcomes proposed through the ten workstreams across the programme. It also outlines the enabling activities that will support delivery and integrate Climate Action into decision making across the Corporation.

Year 1 focuses on making tangible reductions to our emissions profile, acting on early opportunities in the first 2 quarters of the year. By Quarter 3, implementation will begin under almost all workstreams. Results of these interventions will further progress our understanding and best practice, strengthening our approach in future years.

We will also focus on deepening our understanding of the opportunities and risks presented across our operations, value chain and Square Mile. We will do this through surveying, piloting, and testing new technologies and ideas. We will also increase our expertise and literacy on climate creating a strong foundation for evidence based decision-making and prioritisation.

Recommendations

The Policy & Resources Committee is recommended to:

1. Approve the year 1 programme plan for CAS as highlighted below and signed off by Service Committee Chairs.
2. Approve the year 1 CAS budget (£10.48m) to implement the actions in the plan – from the overall budget approved (£68m) at RASC & P&R (Sept 20), the Court of Common Council (8 October 20), and in the Medium-Term Financial Plan (December 20). Drawdowns will be managed through the existing governance arrangements for capital and revenue.

Main Report

Background and context

1. In January 2020 the City of London Corporation set out on a fast-paced, cross-corporation journey to develop an ambitious Climate Action Strategy. At that point, the Corporation needed to assess the carbon footprint across both its own varied holdings, and across the Square Mile - as well as develop a plan to achieve Net Zero.
2. This was a major challenge, particularly during the first lockdown. We undertook an in-depth organisational and Square Mile carbon foot-printing assessment to create our pathway. Alongside this, we conducted an analysis of the climate resilience in the Square Mile across buildings, public realm and infrastructure. The pathway and analysis formed the basis of the Climate Action Strategy adopted at Court of Common Council on the 8th October 2020.
3. The Climate Action Strategy (CAS) marked the start of a new and transformative programme of action. It set out three interlinked primary objectives for the City Corporation and the Square Mile:
 - to support the achievement of net-zero emissions,
 - to build resilience, and
 - to champion sustainable growth.
4. It committed the City Corporation to mitigating the impact of climate change by achieving net-zero emissions for the City Corporation and the Square Mile. It highlighted the need to take preventative steps to protect the City and its assets from the physical and commercial risks from climate change. Fifteen costed project delivery areas have since been consolidated into ten project plans. Upon adoption, it was agreed that a year 1 programme plan would be presented for approval at P&R at the start of the inaugural year.

Current position

5. An extensive mobilisation effort has been undertaken across 10 workstreams and 6 departments, for the official launch of the programme in April 2021. This paper summarises the composite plan across the workstreams. Detailed project plans for

each workstream have been developed and the relevant Service Committees and their Chairs have been consulted.

6. Based on our year 1 plans, we have updated our net zero trajectories to reflect our planned activities as can be seen in the graphs in Appendix 1. We are still on target to achieve our overall ambitions of being:
 - Net Zero in our own operations by 2027
 - Net Zero in our value chain by 2040
 - Net Zero in the Square Mile by 2040
 - Climate resilient in our buildings, public spaces and infrastructure

Interim Targets

7. A key part of mobilisation has been to profile interim targets for Net Zero. This involved identifying targets for the end of year 1, coinciding with our first comprehensive baseline since the initial study on 2018 emissions. We also set interim targets across the life span of the 2027 and 2040 net zero dates.
8. We anticipate that the year 1 programme will reduce carbon emissions to:
 - 23 ktCO₂e in our own operations by end of 2022 through energy reductions (from baseline of 36 ktCO₂e)
 - 1,027 ktCO₂e in our value chain by end of 2022 (from baseline of 1,014 ktCO₂e)
 - 965 ktCO₂e in the Square Mile by end of 2022 (from baseline of 1,392 ktCO₂e)
9. We expect a small increase in our value chain due to the refinement of our approach to emissions measurement resulting in increases in the carbon emissions we are accounting for.
10. We have also set interim targets for our Net Zero goals which demonstrate the percentage of our overall reduction we must achieve at our interim checkpoints.

Net Zero by 2027 in our own operations				
	2022	2024	2026	Total reduction required by 2027
% overall reduction targets achieved	63%	22%	15%	21.5 ktCO ₂ e

Net zero by 2040 in our value chain					
	2025	2030	2035	2040	Total reduction required by 2040
% overall reduction targets achieved	20%	26%	26%	28%	351 ktCO ₂ e

Net Zero by 2040 in the Square Mile					
	2025	2030	2035	2040	Total reduction required by 2040

% overall reduction targets achieved	67%	12%	18%	3%	989 ktCO2e
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11. We have developed a set of KPIs to measure our progress on resilience. In year 1, we will test and refine these KPIs, and produce appropriate targets as our understanding of resilience deepens.

Year 1 Programme for Climate Action (21/22)

12. In the foundational year of the strategy, we will focus on taking early action to reduce our carbon emissions. We will also continue to focus on understanding the opportunities and risks to our Net Zero targets and increasing our ability to manage climate related risks across the Square Mile. We will continue to deepen our skills and expertise on climate action to ensure effective prioritisation of actions in year 2 and beyond.

13. A high-level overview of the programme can be found at Appendix 2 and is split into four 'tube maps' to demonstrate our actions in each area. A few of the key highlights are listed below:

- **Scope 1 & 2, net zero by 2027**
 - Decarbonisation studies and energy audits across our owned and operated areas in CPG, Housing and landlord areas of IPG
 - Increased energy monitoring and data management
 - Development of a new suite of standards for refurbishment of corporate properties and Housing
 - Land management changes to accelerate carbon removals, including transitioning arable land to meadow and tree planting in Epping Forest
 - Investigating the potential of further carbon removal through its capture in wood products.
- **Our value chain, net zero by 2040**
 - Development of a new suite of standards for new developments and capital projects
 - Decarbonisation studies and energy audits across our IPG estate
 - Fund and portfolio level net zero targets for financial investments by September
 - Supplier specific targets for purchased goods and services
- **Square Mile net zero by 2040**
 - Development of Supplementary Planning Guidance on climate action
 - Pavement widening schemes across the Square Mile
 - Development of a Climate Action Fund plan to help tackle emissions
 - A support package for SMEs' will drive adoption of net zero journeys across the Square Mile.
- **Increasing our resilience**

- Integrating the physical risks and opportunities of climate action into internal decision-making through governance and processes
- Identifying, evaluating, and piloting measures such as heat resistant materials and SUDS (Sustainable Urban Drainage Systems) into our public realm.
- Risk register and business continuity log on corporate, housing and investment properties

14. As part of the Corporation's Carbon Descent plan, which has now been incorporated into the programme above, several additional workstreams will contribute to our commitments in year 1. These include;

- The first Purchase Power Agreement (PPA) in the corporate public sector. It will remove 74,000 tonnes of carbon from the UK grid and deliver energy at below market prices.
- A new Citigen heat pump is estimated to remove 25% of carbon from the City's heat supply
- A £9.5m grant from BEIS (Department of Business Energy and Industrial Strategy), delivering £900k pa savings and 1,500 tonnes pa carbon saving
- Fleet electrification and implementation of EV charge points across the city
- Current energy efficiency projects providing a further £1.5m+ energy savings

Enabling workstreams to support Year 1 delivery

15. To deliver this ambitious programme, we require robust enabling workstreams to support the delivery of climate goals. Key workstreams on performance monitoring and reporting, stakeholder engagement, and integration of climate across other areas of the organisation are detailed below.

16. *Performance and reporting*

- We developed a full list of reporting and management KPIs across the programme (Appendix 3). These KPIs represent a mix of existing and new performance indicators and are at different stages in development of data reporting.
- Using the KPIs, we developed a new interactive and public-facing performance dashboard for the programme. Screenshots of the dashboard can be seen at Appendix 4. Orientation on how to use and interpret this dashboard to help inform decision making will be given to all members.

- Alongside the dashboard, a set of recommendations about data governance, quality and maturity of data processes has been produced to progress our journey to transparent and reliable information.
- Reporting of progress of the overall programme with updated dashboards will happen on a quarterly basis to P&R Committee. Individual workstreams will report to their service committees as and when necessary or requested. Change control on projects will be managed through existing change control governance.

17. Stakeholder engagement

- Successful achievement of the programme targets is reliant on a variety of audiences supporting the strategy goals. Each delivery area includes a stakeholder engagement element in their plans and coverage across audiences is monitored and tracked by the CAS programme team. These plans are supported by communications and principal engagement plans, and evaluated through metrics on effective engagement and reach. Audience owners and Members will be supported with tools for effective CAS engagement; new tools for use in Y1 are outlined in Appendix 5.
- The stakeholder engagement plan, which tracks the activities with 42 audience types, plots interventions with audiences across the key moments in the program and wider market. It is based around 5 key objectives for this inaugural year:
 - Stakeholders increase their climate literacy to inform decision making.
 - Stakeholders are well informed about what the programme will achieve and are supported and challenged to take actions that support the CAS targets.
 - Stakeholders understand when physical changes in the public realm, housing, open spaces and buildings will begin and what they will achieve.
 - The City of London is a recognised leader in climate action, with a particular focus on Scope 3, and supports UK leadership on national and global stages.
 - Stakeholders have equal opportunity to access information - transparent data progress against targets and lessons learned – and shape engagement and actions under the CAS Y1 programme.

18. Integration of CAS goals across the organisation

- A tool has been developed for quickly identifying high risk/high opportunity climate impacts on capital projects that entered the gateway process prior to the CAS programme.

- Updated guidance on climate related impacts and consideration in Gateway reports and Committee reports has are being finalised for both net zero and resilience.
- A new training module will be developed for the Project Management Academy to ensure that all project managers have the correct level of knowledge to effectively manage climate and resilience considerations.

Financial update

19. A high-level year 1 budget can be found at Appendix 6. It summarises a total budget across the programme for year 1 of £10.48m. This does not represent a new commitment but is the first allocation required under the original commitment of funds by Court on 8th October and confirmed in the MTFP by RASC on 10th December.

Risk update

20. Climate Action is a high-profile programme. This is due to its resonance with a wide range of audiences, our ambitious and public targets, and the high level of financial commitment. In addition, our ability to achieve our Net Zero target is reliant on a number of externalities. The Corporate Climate Risk (CR30 found in Appendix 7) describes our organisational response to climate change and focuses on areas within our control and their mitigations.
21. A key externality for the Climate Action programme is our reliance on the decarbonisation of the grid to meet our Net Zero goals. During the development of the strategy, we used Treasury Green Book projections of UK grid decarbonisation. However, over the past year, governmental forecasts of the amount of national renewable energy to feed into the UK grid has been reduced. This has caused the projected carbon emissions reduction from the City Corporation's use of electricity in 2020 to be 42% overestimated. We have therefore realigned our CAS action planning with a more conservative estimate of decarbonisation. This does not impact our ability to deliver on our targets for Net Zero, but we will continue to monitor this risk closely.
22. The workstreams on energy reductions in our buildings remains the highest risk area due to the concentrated levels of financial commitment. To mitigate this risk, a transformative new approach to delivering energy reduction projects across the property portfolio is proposed. This includes a new Centre of Excellence on climate action in buildings located within the City Surveyors Department. It will enable the team to draw on expertise across a wide range of sustainability issues. This mirrors the Centre of Excellence on Resilience in the Public Realm housed in DBE.

Corporate and strategic implications

23. Strategic implications: The CAS supports delivery against the following outcomes in the Corporate Plan, 2018-23:
- Outcome 1: People are safe and feel safe
 - Outcome 5: Businesses are trusted and socially and environmentally responsible
 - Outcome 7: We are a global hub for innovation in financial and professional services, commerce and culture
 - Outcome 10: We inspire enterprise, excellence, creativity and collaboration
 - Outcome 11: We have clean air, land and water and a thriving and sustainable natural environment
 - Outcome 12: Our spaces are secure, resilient and well-maintained.
24. The strategy builds upon existing strategies and policies, including: The Responsible Business Strategy 2018-23, the Responsible Investment Policy, the City Procurement Strategy 2020-24, the Local Plan 2015, the draft City Plan 2036, the Transport Strategy 2018-43, the Air Quality Strategy 2015-20, the Climate Mitigation Strategy, the Carbon Descent Plan, the Transition to a Zero Emission Fleet Policy, the Renewable Electricity Policy & Sourcing Strategy and related campaigns, such as Plastic Free City. It is aligned to ongoing reviews of our financial and property investment portfolio
25. Resource Implications – This proposal requires approval of a budget of £10.48m to support the year 1 programme, from the total envelope for CAS of £68m as agreed by RASC and P&R in September 2020.
26. Risk Implications – To manage risk effectively in the programme, all projects have a risk register and the overall risks are controlled through a corporation level risk CR30 – Climate Action Strategy.
27. Equalities Implications – A Test of Relevance was undertaken on the Climate Action Strategy and several positive impacts were identified for people in at least one of the following five protected groups - age, disability, race, pregnancy/maternity and gender. No negative impacts were identified. Potential equalities impacts will be investigated and assessed on an ongoing basis.
28. No new legal, security, climate implications arise from the recommendations in this report.

Conclusion

29. In Year 1 of the Climate Action programme, we will make tangible carbon emission reductions across the Square Mile and within our own operations. We will do this through both energy reductions in our buildings and carbon removals on our open

spaces. We will roll out an exciting programme of activities across all 10 of the workstreams to meet our Net Zero and Resilience goals. We will also focus on deepening our skills and expertise to build a strong foundational base for the life of the Strategy. Crucially, we will create an enabling environment to support delivery departments with focus on performance, reporting and improving our data quality, stakeholder engagement, integrating CAS into the wider organisation, and strong financial and risk management.

Appendices

- Appendix 1 – Net Zero Trajectories
- Appendix 2 – Year 1 Programme Overview
- Appendix 3 – KPIs
- Appendix 4 – Climate Action Dashboard
- Appendix 5 – Stakeholder Engagement
- Appendix 6 – High-level budget
- Appendix 7 – Corporate Climate Risk