

Housing, Homelessness and Fair Work Committee

10.00am, Monday, 20 January 2020

Sustainability – Carbon neutral economy

Executive/routine Wards Council Commitments	Executive All
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1. Recommendations

- 1.1 It is recommended that Committee:
 - 1.1.1 notes the programme of work currently underway to deliver sustainability improvements;
 - 1.1.2 agrees the new priorities identified at the Member/Officer Workshop on 27 November 2019 and notes that these will be further developed; and
 - 1.1.3 agrees that progress against the sustainability objective should be set out within the Economy Strategy Annual Update reports.

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Sustainability – Carbon neutral economy

2. Executive Summary

- 2.1 The Council's recent commitment to achieve net zero carbon by 2030 and declaration of a Climate Emergency has placed sustainability and climate change at the centre of strategic and policy discussions. The Council's Policy and Sustainability Committee has agreed the strategy for achieving the 2030 target.
- 2.2 There are key elements of the strategy that sit within the Housing, Homelessness and Fair Work remit and supporting Edinburgh's transition to a low carbon economy is already identified as a good growth step in the Economy Strategy. There is now increased emphasis on this objective and on ensuring that the other good growth steps are delivered in a way that is compatible with the net zero target. At the same time, however, the ambition in the Economy Strategy to achieve economic and social outcomes cannot be lost but must be achieved as part of a move to a carbon neutral economy.
- 2.3 The Council's programmes in relation to employability and skills development and business growth are being used to support the growth in the low carbon and circular economies alongside the wider inclusive growth agenda. The Council's support for the delivery of development in the city's strategic development areas is also a key way in which the sustainability priorities can be delivered.
- 2.4 A member officer workshop took place on 27 November 2019, with a list of new priorities identified which are detailed in this report.

3. Background

- 3.1 In [June 2018](#) the Council approved the Economy Strategy for Edinburgh. It is set around two central pillars of 'inclusion' and 'innovation' and identifies eight steps for good growth. Annual reports are provided which include a Good Growth Monitoring Framework setting out the progress being made with the strategy.
- 3.2 On the [14 May 2019](#), Corporate Policy and Strategy Committee approved the Council's Sustainability Approach, which included Edinburgh working towards a net zero carbon target by 2030, with a hard target of 2037.

- 3.3 On the [25 October 2019](#) the Policy and Sustainability Committee agreed reports on Achieving Net Zero Carbon in the City of Edinburgh, the establishment of a Climate Commission, and an update on the Short Window Improvement Plan put in place to secure immediate progress while strategic interventions to achieve carbon neutrality are designed.

4. Main report

City of Edinburgh Council's Net Zero Carbon target

- 4.1 The Council's recent commitment to achieve net zero carbon by 2030 and declaration of a Climate Emergency has placed sustainability and climate change at the centre of strategic and policy decisions. These have also raised the profile of Edinburgh as one of the most ambitious cities in seeking to tackle climate change to deliver a more sustainable and inclusive city.
- 4.2 Unlike absolute zero emissions, 'net zero' or 'carbon neutral' implies some carbon emissions will remain but allows for some form of offsetting. 'Net zero' refers to achieving an overall balance between emissions produced and emissions offset.
- 4.3 Research work is underway with the Edinburgh Centre for Carbon Innovation (ECCI), and other partners to look at how carbon neutrality can be achieved. An interim summary report has already been presented which provides underlying analysis and scenario and cost assumptions in relation to the most effective interventions for securing emissions reductions. This analysis work, once completed, is aimed at helping the Council to build a strategic and operational route-map for action. Analysis on the strategic and viable next actions for the Council will be reported to the Policy and Sustainability Committee in February 2020.

Edinburgh Carbon emissions

- 4.4 Carbon emissions in Edinburgh come from a range of sources with the domestic sector generating approximately 29% of all emissions, the commercial sector 23%, the industrial sector 17%, transport generating 30%, and land use change making up the remaining 1%.
- 4.5 The analysis shows that annual emissions peaked in Edinburgh at 4.23MtCO₂e in 2001. This baseline has declined by 40.3% in the period between 2001 and 2019 largely as a result of decarbonisation of the electricity grid, improved vehicle efficiencies and reduced energy use in homes and offices. Unfortunately, this rate of decrease is expected to diminish in the near future without further action at national or local levels.

Key Challenges

Domestic Sector

- 4.6 Council housing is responsible for approximately 2% of Edinburgh's overall carbon emissions, while the owner occupier, private rented sectors (and a small contribution from other registered social landlords) combined are responsible for approximately 33%. The Council is the largest landlord in the city. Across the Council's existing and new build housing estate significant investment has been made in both building homes to very high energy efficiency standard and retrofitting existing homes to improve their energy performance and help to tackle fuel poverty. Investment to date, coupled with the decarbonisation of the grid, has resulted in a 65% reduction in carbon emissions of Council homes since 2005.
- 4.7 A concerted effort is required across the whole domestic sector to help support the transition to net zero carbon. Achieving these higher standards will be challenging both financially and technically, due to the age and construction of existing homes, further compounded by the mixed tenure ownership patterns found across Edinburgh. The approach that the Council is taking to tackle this challenge is set out in detail in a separate report to this Committee.

Commercial and Industrial Sectors

- 4.8 The commercial and industrial sectors combined are the largest emissions contributors in the city. There are significant challenges and again the age of the stock is a factor. For example, only 27% of Edinburgh's 1.85million sqm of office floorspace has been built since the year 2000. However, there is generally considered to be more instances where cost-effective measures are available.

Transport Sector

- 4.9 Transport presents nearly one-third of the total emissions and is the single biggest contributor. A significant programme of investment is needed to move to low or no emission forms of transport and public engagement to minimise unnecessary vehicular travel.

Key Opportunities

- 4.10 There are significant challenges to be overcome but this is achievable if the right investments are made. The initial research findings report sets out three investment scenarios for addressing the emissions challenges: Cost Effective measures; Cost Neutral measures; and Full Technical Potential measures. The cost of these measures range from £3.98billion to £8.14billion over the 11 year period (2019 – 2030) and, even in the Full Technical Potential scenario, it is estimated that the investment would be paid back over a 16 year period provided that the implementation of Cost Effective measures are used to cross subsidise other interventions. Even in this ambitious scenario there will still be 0.83MtCO₂e which will need to be reduced through further technological advances or off-setting measures.
- 4.11 Scotland already has a larger proportion (albeit small) of its overall economy in the lower carbon sector than elsewhere in the UK. As such, the necessary skills and

experience are available to realise low carbon development opportunities and there is a platform from which this sector can be further grown.

- 4.12 Edinburgh has a strong education sector which, in partnership with the city, is delivering data driven innovation and producing talented people, both of which will contribute to the delivery of the sustainability agenda.
- 4.13 The city also has a strong economy and billions of pounds will be spent on buying, selling, building and refurbishing property across all asset classes over the next 10 years. With the right type of encouragement, a refocussing of this investment could provide the scale of change required to achieve the 2030 target.
- 4.14 The Council as a partner in the East of Scotland City Region Deal will have the ability to influence the regional direction and the agglomeration of the partners buying power will create additional leverage.
- 4.15 The Scottish Government launched its programme for Government in September and within that there is a clear focus on Climate Action. Many of the commitments related to creating investment opportunities as follows:
 - 4.15.1 a new Scottish Green Deal;
 - 4.15.2 The Scottish National Investment Bank in operation next year, with £2 billion of funds, and a primary mission is transition to a net zero carbon economy;
 - 4.15.3 The Scottish National Investment bank will also support investment for bus travel;
 - 4.15.4 working with councils to establish a new Green Growth accelerator (enable local authorities to invest in and encourage growth in private sector investment); and
 - 4.15.5 a capital investment programme for Council's to reduce congestion along priority routes of half a billion pounds.

Work in Progress

- 4.16 While there is still research work underway and the full range of strategic interventions is yet to be developed, there is already work underway across all sections of the Council aimed at reducing the city's carbon missions as identified in the Short Window Improvements Plan. In relation to the remit of the Housing, Homelessness and Fair Work Committee, the following actions are particularly relevant.
- 4.17 The Council will develop and deliver a Business Support Programme for the sustainability sector with a focus on sustainable growth ambition. The programme will have business advisers allocated to supporting this sector and, in general, priority will be given to businesses that are actively contributing to this agenda.
- 4.18 The Council will market and promote the programme to the sustainability/business sector, and collaborate with Edinburgh Chamber of Commerce, the Federation of Small Businesses (FSB), the Confederation of Business and Industry (CBI) and other key partners to deliver this new approach within existing resources.

- 4.19 Specific support packages for private and social businesses in the sustainability sector through business gateway will also be developed, and, new approach to sustainability for the city's business community will be progressed with the Edinburgh Chamber of Commerce, FSB and CBI.
- 4.20 A new tourism strategy for Edinburgh (with associated delivery programme) to focus on a sustainable approach to the visitor economy is under development. The Council will work through the Tourism Strategic Implementation Group and Edinburgh Tourism Action Group (ETAG) to develop the Tourism 2030 Strategy, and to ensure the future strategy supports the aims of the developing Sustainable Edinburgh 2030 Strategy and the national and local carbon targets that have been set. The alignment of the Council tourism activity and the sustainability programme will be considered by the Council's Tourism and Communities Working Group and the Sustainability and Climate Emergency All-Party Oversight Group. The new strategy will be considered at the February 2020 meeting of the Policy and Sustainability Committee in the first instance.
- 4.21 A separate housing sustainability report included on this agenda sets out in more detail the approach the Council is taking to address the challenge of net zero carbon. The report highlights the range of innovative energy programmes and projects underway to reduce emissions across the city, tackle fuel poverty and overcome mixed tenure ownership barriers. This also sets out opportunities for funding new technologies, collaboration and learning with both the private and academic sectors to help overcome mixed tenure barriers, invest in its existing housing stock to improve energy performance, promote behaviour change and trial innovative low carbon technology pilots.

New Priorities/Initiatives/Member Officer Workshop

- 4.22 In addition to the work currently underway the following strategic priorities were identified through a member officer workshop on 27 November 2019:
- 4.22.1 Business support and advice;
 - 4.22.2 Energy efficiency, waste reduction, good business planning;
 - 4.22.3 Innovation support for low carbon businesses;
 - 4.22.4 Embedding circular economy approaches;
 - 4.22.5 Promoting socially responsible business practices;
 - 4.22.6 Developing low carbon supply chains;
 - 4.22.7 Developing the low carbon workforce;
 - 4.22.8 Embedding low carbon design in new development;
 - 4.22.9 Retrofitting existing commercial and industrial buildings;
 - 4.22.10 Supporting growth of new low carbon sectors (Digital economy;)
 - 4.22.11 Supporting transition to sustainable models for existing sectors (Tourism);
 - 4.22.12 Ensuring public sector leadership - Zero carbon council; and

4.22.13 Using public sector procurement as a key lever for change.

4.23 The above priorities will be developed into tangible actions and progress on these actions will be reported back to Committee through the Economy Strategy Annual Update reports.

5. Next Steps

5.1 Further develop the programme of activity and strategic priorities into a series of actions that can be delivered and monitored.

5.2 Committee approval will be sought where required for any specific activities.

5.3 The progress on these actions will be reported back to Committee through the Economy Strategy Annual Update reports.

6. Financial impact

6.1 There is no financial impact associated with this report.

6.2 Where any subsequent proposals or initiatives are brought to Committee for consideration the financial impacts of such proposals will be assessed.

7. Stakeholder/Community Impact

7.1 There are no direct stakeholder or community impacts identified in relation to this report although the pursuit of a sustainability agenda is considered to have positive outcomes for society.

7.2 Where any proposals for specific initiatives are brought to Committee for consideration assessments will be made of community impacts.

8. Background reading/external references

8.1 Update on Short Window Improvement Plan, Policy and Sustainability Committee on [25 October 2019](#)

9. Appendices

None.