

## **Committee: Cabinet**

**Date: 07/02/2022**

Wards: All Wards

## **Subject: Climate Delivery Plan – Year 2**

Lead officer: Director of Environment and Regeneration, Chris Lee

Lead member: Cabinet member for Housing, Regeneration and the Climate Emergency, Martin Whelton

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### **Recommendations:**

- A. That Cabinet adopts the Climate Delivery Plan – Year 2
  - B. That delegated authority is given to the Director of Environment and Regeneration, Chris Lee in consultation with Cllr Martin Whelton, the Cabinet member for Housing, Regeneration and the Climate Emergency to make minor amendments.
  - C. That Cabinet approves the allocation of £150k from Merton’s Carbon Offset fund to top-up national funding in the delivery of the Green Homes Grant Local Authority Delivery Scheme to retrofit fuel poor homes in Merton.
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## **1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

- 1.1. This Delivery Plan sets out how Merton Council will work towards a reduction in greenhouse gas emissions and adapt to the effects of climate change, within the borough and within the Council’s buildings and services, in 2022. The Delivery Plan also provides a review of progress against Merton’s Climate Delivery Plan - Year 1 priority actions in 2021.

## **2 DETAILS**

- 2.1. Merton’s Climate Strategy and Action Plan [1] was adopted by Council in November 2020. Cabinet was appointed to oversee its implementation.
- 2.2. One of the commitments in Merton’s Climate Strategy and Action Plan was the formation of a Delivery Plan which is updated annually and is able to monitor progress.
- 2.3. Merton’s Climate Delivery Plan - Year 1 [2] was adopted by Cabinet in January 2021 and set out the Council’s priority actions for the first year of delivery of Merton’s Climate Strategy & Action Plan (2021).
- 2.4. To support delivery and expand climate considerations to every part of the Council, 8 workstreams were set up within the Council. The Year 1 Delivery Plan set the baseline against which future years could be compared.
- 2.5. The Year 2 Delivery Plan reviews progress in 2021 and sets priority actions for 2022. The structure of the report is similar to the Year 1 Delivery Plan with the additional retrospective element.

- 2.5.1 *Section 1* of the Delivery Plan sets the scope of the plan, which covers major activities that the Council intends to do to support emissions reductions within the borough, and within the Council's buildings and services.
  - 2.5.2 *Section 2* considers the Council's progress in meeting its part in Merton's Climate Strategy and Action Plan in relation to the pace and scale of change needed. It uses a set of indicators to track performance against the baseline, highlights progress against the priority actions identified in the Year 1 Delivery Plan, and sets out priorities for Year 2. This provides an overview of projects delivered by the Council in 2021, and projects planned in 2022, which help tackle climate change. These cover all areas, and actions are benchmarked against progress needed to be in keeping with our net-zero targets.
  - 2.5.3 *Section 3* takes wider factors into account, to assess the likelihood of meeting the net-zero targets.
- 2.6. Key areas of progress in 2021 include:
- 2.6.1 Developing and delivering Merton's climate communications campaign and launching Merton's Climate Action Group to increase engagement on climate change in Merton and promote community-led climate action;
  - 2.6.2 Working with Merton's Property and Asset Management Board to agree criteria for prioritising the decarbonisation of the Council estate;
  - 2.6.3 Reviewing Merton's Draft Local Plan Climate Change policies to align with Merton's carbon reduction targets and reduce the need for further expensive retrofit;
  - 2.6.4 Implementing Merton's Covid-19 Transport Strategy to help support active travel in the borough;
  - 2.6.5 Continuing the decarbonisation of Merton's pension investments;
  - 2.6.6 Working with other local authorities and pan-London groups to identify opportunities for a green recovery from Covid through the London Councils' seven programmes on climate change [3] and the London Recovery Board's Green New Deal mission [4];
  - 2.6.7 Developing Merton's Social Value Charter as a mechanism for considering the impact of climate change in Council procurements;
  - 2.6.8 Continuing the delivery of Merton's Air Quality Action Plan measures which have direct links to tackling climate change;
  - 2.6.9 Securing circa £12 million in the draft capital programme for the decarbonisation of Merton's refuse collection fleet from 2025, and a further £6 million for the decarbonisation of Merton's internal fleet.
  - 2.6.10 Delivering sustainable infrastructure across the borough to prepare for a greener future [5]; etc.

- 2.7. In 2020/21, the Council also allocated an additional £2million in reserves to increase capacity to deliver the Climate Strategy & Action Plan across the Council from April 2022 to help decarbonise the Council's own activities and support climate action across the wider borough. However, many public and private organisations are seeking the same services so increasing Council capacity will be subject to the availability of suitable candidates.
- 2.8. Because delivery of our net-zero targets is so dependent on the action of others, the plan highlights the importance of continued engagement, particularly with underrepresented groups, including residents that consider themselves to be from a Black, Asian, Minority Ethnic background. Officers are currently in the process of recruiting a new Climate Engagement Officer to lead on the delivery of Merton's internal and external climate engagement, and support local partners and stakeholders such as Merton's Climate Action Group, housing associations and businesses.
- 2.9. In monitoring our progress towards our 2030 (council) and 2050 (borough) net zero carbon targets, Merton's council and borough greenhouse gas inventories have been updated with the latest available emissions data [6]. In some cases, emissions data was not previously available for inclusion in the baseline inventories when they were developed in 2019/20 but additional data has now become available and been added to the inventories. This includes emissions from the processing of local authority collected waste which have been baselined by Viridor and the South London Waste Partnership since Merton's baseline inventory was published; these emissions have been added to the borough inventory. Additional data has also become available for machinery use associated with Merton's greenspaces maintenance contract; these emissions have been added to the council inventory.
- 2.10. It may be appropriate to make minor changes to the Delivery Plan, for example where there are changes to delivery risks throughout the year. We seek delegated authority to the Director of Environment and Regeneration, Chris Lee in consultation with Cllr Martin Whelton, the Cabinet member for Regeneration, Housing and the Climate Emergency to make these minor amendments.
- 2.11. To support the delivery of Merton's carbon reduction commitments, officers are looking to allocate £150k of Merton's carbon offset funds to be used as top-up funding for the Green Homes Grant Local Authority Delivery (LAD) scheme to retrofit fuel poor homes in Merton. The carbon offset funds will be used as funding of last resort in instances where the cost of works exceeds the maximum funding allowances available through existing national funding streams, including LAD, ECO and Warmer Homes, and where further carbon savings can be achieved with a top-up from the carbon offset fund. This will enable more of a whole-house retrofit approach, which will help drive the decarbonisation of heat in Merton and minimise the need for further retrofit works in the future and any associated disruption. Carbon offset funds may also be spent in according with the 2017 Cabinet decision [7] which set out the process for spending these.

### **3 ALTERNATIVE OPTIONS**

## Recommendations A& B

- 3.1. Option 1 - No Delivery Plan: This option would undermine a key commitment set out in Merton's Climate Strategy and Action Plan. Without a delivery plan, it would be harder to understand whether activity to reduce carbon emissions undertaken by Merton Council is focused where it will have the greatest impact.
- 3.2. Option 2 - A more ambitious plan: This is not a realistic option because the Delivery Plan presented represents the most ambitious plan that can be achieved within the Council's current resources, focused on the major transitions needed to achieve the net-zero carbon targets. Making a more ambitious plan would require additional staff and funding that is not currently available.

## Recommendation C

- 3.3. Using the carbon offset funds to support the retrofit of fuel poor homes via the Green Homes Grant Local Authority Delivery scheme, provides an opportunity for direct carbon reduction in Merton, by maximising the impact of other funding, as well as other benefits such as helping tackle fuel poverty in the borough. This proposed use of carbon offset funds aligns with Greater London Authority guidance [7]. Other alternatives are not recommended.
- 3.4. Other opportunities for spending Merton's carbon offset funds can be considered via the process set out in the 2017 Cabinet Decision which approved the allocation arrangements for Merton's Carbon Offset Fund [8].

## **4 CONSULTATION UNDERTAKEN OR PROPOSED**

- 4.1. The Delivery Plan operates under the long term framework of Merton's Climate Strategy and Action Plan, and uses the extensive consultation and evidence review that was undertaken through its development in 2019 and 2020.
- 4.2. Engagement with Merton's Climate Action Group and other local groups over the course of 2021 has highlighted the importance of climate action to the local community. The Your Merton consultation which ran in the summer of 2021 also reinforced the importance of sustainability and climate change to local residents.
- 4.3. The Delivery Plan is limited to fulfilling the Council's part of the Climate Strategy and Action Plan, so has been discussed extensively with Council officers.

## **5 TIMETABLE**

- 5.1. Whilst the net-zero targets may take decades to achieve, the Delivery Plan aims to operate within a single year, enabling delivery to be responsive to the many changes in funding, policy, innovation and markets. It is expected that priority actions set out in the Delivery Plan will be complete by December 2022.

- 5.2. The Delivery Plan will be reviewed and updated on an annual basis. The updated plan will use the indicators and wider evidence to focus efforts which make the most significant impact towards meeting out net-zero targets.

## **6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

- 6.1. *Annex 4* of the Delivery Plan sets out all priority actions that the Council intends to take over the second year of implementation of the Climate Strategy and Action Plan. Officers responsible for the individual actions have confirmed that these can be carried out without additional resources; notwithstanding the delivery risks identified.
- 6.2. *Section 2.3* of the Delivery Plan considers the extent to which the actions committed to by the Council are sufficient with respect to the Council's responsibilities set out in the Climate Strategy and Action Plan. This is straightforward when considering the Council's action to reduce its own carbon emissions, but harder to judge when considering the Council's actions to support emissions reductions that need to be undertaken by others. This section does identify gaps in activity and /or funding that will need to be met in future years, but in most cases, the scale and timing of the funding need has not yet been identified; nor how these funding needs will be met.
- 6.3. *Section 3* also acknowledges funding gaps that the Council is not expected to fill but will be needed by others to meet the 2050 net-zero target. These include the additional capital costs to support low carbon retrofit of Merton's homes and non-residential buildings.
- 6.4. *Section 2.1* of the Delivery Plan estimates that circa £2m of Council spend was allocated to projects that reduced emissions and/ or helped build climate resilience inside and outside the Council in 2020/21 and that circa £2.8 is currently forecast to be spent in 2021/22.
- 6.5. Merton's proposed Capital Strategy 2022-26 which sets the proposed approved capital programme to the financial year 2025/26, includes provision to convert the bulk of the waste fleet in 2025/26. The strategy also considers the indicative capital programme to 2030/31. The indicative programme includes estimated costs of converting the remaining council transport fleet. No provision has yet been made for investment into transport infrastructure, it is envisaged that external funding sources will be identified to provide a substantial contribution to this cost. A more accurate cost of decarbonising Merton's operational buildings needs to be established by surveys which will be undertaken during FY22/23 then officers can start to identify funding sources to contribute towards these costs. New capital schemes and additions to any existing capital schemes in relation to the climate change delivery plan will only be added to the approved capital programme as additional funding is identified.
- 6.6. As part of the December 2021 - Financial Monitoring report elsewhere on the Cabinet agenda £150k is being added to the capital programme for Carbon Offset Funding (as detailed in this report), this scheme will be funded by Section 106 contributions. Officers are in discussion with Commercial

Services regarding an exemption from Merton's Contract Standing Orders for the use of these funds given that these will be used to top-up other funding streams as part of the delivery of the Green Homes Grant Local Authority Delivery scheme. There is currently £306k available in Merton's carbon offset fund. The Council publishes its activity with respect to Section 106 contributions annually in its Infrastructure Funding Statements (IFS), including information, providing for transparency and accountability in terms of how it uses Carbon Offset contributions.

## **7 LEGAL AND STATUTORY IMPLICATIONS**

- 7.1. There is no statutory requirement for Local Authorities to set climate targets, or produce a Climate Strategy or an Action Plan set out in the Climate Change Act 2008. Local Authorities are, however, obliged to be in keeping with the objectives of policies implemented by the Greater London Authority and National Government through obligations set out in grant funding agreements, under regulatory arrangements such as through air quality reviews and monitoring under the Environment Act 1995 and national planning law including the Planning Act 2008 and in development of local plans under the Planning and Compulsory Purchase Act 2004, where the local planning authority must have regard to national policies.
- 7.2. When carrying out the investments and actions which form the Council's Delivery Plan as outlined in this report, it must where appropriate, follow the Council's Contract Standing Orders and the Public Contracts Regulations 2015 in relation to entering into public contracts.

## **8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

- 8.1. *Section 2* highlights that intended actions are consistent with the strategic approach set out in the Climate Strategy and Action Plan. These embody an ambition for action on climate to have wider community benefits and ensure that neither the effects of climate change, nor the costs of reducing emissions disproportionately affect the vulnerable or those less able to pay.
- 8.2. Workstream 8, considers Communication, outreach and LBM corporate procedure. Within this workstream, *Sections 2 and 3* highlight progress in supporting and empowering communities to take action on climate through the development of Merton's Climate Action Group which was launched in January 2021; in keeping with the key aims of Merton's community plan to increase social capital. Section 2 sets out our intention to provide continued support for community-led action, and to extend engagement to groups which have been less represented to date, including residents that consider themselves to be from Black, Asian and Minority Ethnic backgrounds.
- 8.3. The spread of activity within the Delivery Plan makes it difficult to undertake a meaningful equality assessment of the plan as a whole. Individual equality assessments will be undertaken as individual actions form key policies and decisions.

## **9 CRIME AND DISORDER IMPLICATIONS**

9.1. None for the purposes of this report.

## **10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

- 10.1. Delivery risks relating to annual priority actions have been assessed both at an individual level (*Annex 4 of the Delivery Plan*) and for the workstream as a whole (*in section 2.3*). These consider the likelihood that the action will take place and the impact this might have in the Council meeting its obligations set out in Merton's Climate Strategy and Action Plan.
- 10.2. *Section 3*, assesses the likelihood that the net-zero targets will be met, taking into account the 2% of emissions that are the direct responsibility of the Council, actions taken by the Council to enable emission reductions for the borough target, and the wider financial, political, behavioural and market forces in play.
- 10.3. Risk management and health and safety measures for individual actions will be undertaken by the Officer responsible for the action.

## **11 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT**

- Climate Delivery Plan – Year 2

## **12 BACKGROUND PAPERS**

- 12.1. [1] Merton Climate Change Strategy and Action Plan  
<https://www.merton.gov.uk/assets/Documents/Draft%20Climate%20Strategy%20and%20Action%20Plan%20-%20Council%20V2.pdf>
- [2] Merton Climate Delivery Plan – Year 1  
<https://democracy.merton.gov.uk/documents/s36416/Climate%20Delivery%20Plan%20Y1%20-%20Cabinet.pdf>
- [3] London Councils – About Climate Change  
<https://www.londoncouncils.gov.uk/our-key-themes/environment/climate-change>
- [4] London Recovery Board – A Green New Deal  
<https://www.london.gov.uk/coronavirus/londons-recovery-coronavirus-crisis/recovery-context/green-new-deal>
- [5] Merton's Sustainable Infrastructure Story Map (November 2021)  
<https://storymaps.arcgis.com/stories/12050fded6c64aa7ad8317cf74526a9c>
- [6] London Borough of Merton Greenhouse Gas Inventory Report 2021, available at:  
<https://www.merton.gov.uk/planning-and-buildings/sustainability-and-climate-change/climate-emergency>

[7] Greater London Authority Guidance for London's Local Planning Authorities on establishing carbon offset funds (October 2018)

[https://www.london.gov.uk/sites/default/files/carbon\\_offset\\_funds\\_guidance\\_2018.pdf](https://www.london.gov.uk/sites/default/files/carbon_offset_funds_guidance_2018.pdf)

[8] Cabinet Report (18 September 2017) Neighbourhood Community Infrastructure Levy and Carbon Offset funds

<https://democracy.merton.gov.uk/documents/s19182/2017-09-18%20Cabinet%20Neighbourhood%20CIL-Carbon%20Offset%20FINAL.pdf>