



Committee and Date

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Item

Public



Annual Report of the Portfolio Holder for Climate Change, Environment & Transport

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1. Synopsis

The Portfolio Holder for Climate Change, Environment & Transport has responsibility for a range of functions delivered by the Place Directorate. This report updates on key work undertaken over the year and outlines key achievements and developments, as well as future priorities.

2. Recommendations

That Members receive the report and raise any issues as appropriate on the performance and activities of the Council’s Climate Change, Environment and Transport function.

3. Climate Change

3.1. The climate crisis is a serious threat to the lives of millions of people globally, nationally and locally. The mitigation of greenhouse gas emissions and adaptation measures to build resilience is now urgent and essential to prevent the worst outcomes. Even if we are successful in mitigating the worst effects, we will continue to experience more

pronounced and frequent episodes of extreme weather. The much greater frequency of extreme weather events will significantly increase insurance risks and threaten the health, wellbeing and future resilience of our communities.

- 3.2. Shropshire Council declared a climate emergency in May 2019 and in December 2020 adopted a Climate Strategy and Action Plan, which establishes the objective of achieving net-zero carbon performance for Shropshire Council by 2030. The Climate Change Task Force was established to lead the Council's response in November 2019, supported by an internal officer working group. A Climate Change and Carbon Reduction Advisory Board was established in September 2022 to act as a 'critical friend' and to assist the implementation and review of the Council's Climate Strategy.
- 3.3. The climate crisis is already recognised as a significant strategic risk to Shropshire and the delivery of Council and public services. This risk is most likely to manifest itself in terms of financial impacts (e.g. operating costs, impacts on the Shropshire economy) and impacts on the health and well-being of staff and residents as service users.
- 3.4. Climate action and carbon reduction are integral to all aspects of the Shropshire Plan:
 - A. **Healthy People** – Extreme weather associated with the climate crisis will adversely affect vulnerable residents and service users disproportionately. This is likely to drive significant future growth in the demand for social care services as well as generating significant impacts on the physical and mental health and wellbeing of staff.
 - B. **Healthy Economy** – The recent energy crisis illustrates potential impacts on the Shropshire economy from the climate crisis. However, there are also significant opportunities for growth and skilled employment in new technologies, renewable energy and the rural economy.
 - C. **Healthy Environment** – The climate crisis has very serious implications for biodiversity and food production. However, as a large rural area, Shropshire is also in an excellent position to take positive action to help mitigate these effects.
 - D. **Healthy Organisation** – Extreme weather associated with the climate crisis may significantly disrupt the delivery of Council services through damage to physical infrastructure such as roads and power infrastructure, and through impacts on staff health and wellbeing. Demand for services and service delivery costs such as highway maintenance are likely to increase significantly.
- 3.5. Taking active steps through the implementation of the adopted corporate Climate Strategy and Action Plan and supporting wider community efforts allows the Council to make a demonstrable contribution to reducing the carbon footprint of the wider county, as well as 'leading by example' by reducing its own carbon footprint. Through its regulatory role and procurement decisions, Shropshire Council is in a position to make a strong contribution to help the wider Shropshire community make a positive transition to a low carbon future.
- 3.6. Individual Council services will progressively need to engage with their staff and service users to explore the need for, and implications of, service changes which may result from the adoption of carbon reduction measures. The Council will need to adopt an agile approach keep abreast of national good practice in order to maximise opportunities for equality and social inclusion within the overall policy context of addressing the climate emergency.
- 3.7. The Council's latest annual carbon performance was last reported to Cabinet on 7th June 2023, and this showed that the Council's corporate carbon emissions had dropped by only 1% overall, with an increase in direct emissions offset by a decrease in indirect emissions. This is likely to be due to a return to normal services after three years of

disruption from the Covid pandemic. It is also important to recognise that the path to our corporate net zero goal will take time and improvements will not be linear. Commissioned and outsourced services represent 93% of our footprint and this will be an increasingly focus over the coming year in order to drive down emissions.

- 3.8. The Climate Change agenda was considered by Environment and Economy Scrutiny Committee on 25th January 2024 and generated a wide-ranging discussion around recent work and future priorities. Scrutiny Committee are proposing to establish a Standing Task and Finish Group to consider climate change and carbon reduction in more detail.
- 3.9. During the last year, the efforts of the Climate Task Force have been directed towards continuing to embed climate change as a key consideration in the Council's corporate governance systems and to widen ownership of the issue through accredited carbon literacy training. A range of projects and initiatives continue to be developed and implemented to help the Council improve its own performance and to help foster similar action across the wider economy and communities in Shropshire. A wide range of Shropshire Council staff outside the Climate Task Force also contribute actively to carbon reduction and climate action projects, including:
- A. The Council's Affordable Warmth team, who have been extremely successful in attracting substantial amounts of Government grant to retrofit homes for our most vulnerable residents.
 - B. Colleagues in our Facilities Management Service, who are working out how we can best improve the energy and carbon performance of both our existing buildings and new construction projects.
 - C. Colleagues in Highways and Transport, who are busy installing grant-funded EV charging infrastructure across the county and improving the carbon performance of the Council's vehicle fleet.
- 3.10. **Key Achievements during 2022-23:**
- A. *Grant Funding* - The Climate Team has attracted Government capital and revenue grant funding awards totalling £4.3m to date.
 - B. *Integration / normalisation* – supply chain emissions and changes to procurement policy. We are making great strides in building internal capability as an organisation through an active programme of carbon literacy training. Most of the Council's Cabinet and senior leadership team have now been externally accredited as 'carbon literate' and the Council as an organisation is accredited to the 'Bronze' level.
 - C. *Biochar* – Shropshire Council is currently procuring a demonstrator plant to test the use of pyrolysis to 'cook' (rather than burn) natural woody materials from highway maintenance and garden waste to reduce it to pure carbon 'biochar' which can be used to store carbon in a stable form, improve soil quality and for the manufacture of low carbon building materials such as bricks and asphalt. This is a technology which could be widely deployed commercially in Shropshire to generate 'green growth'.
 - D. *Green hydrogen feasibility* – current battery technology is unsuitable for many of the heavy goods vehicles which are used to deliver Council services in Shropshire because of the long distances which they need to travel. The Council is therefore working with a range of commercial and academic stakeholders to on a project to test hydrogen refuelling facilities for its own fleet and that of its contractors. In the longer term, the Council hopes to develop a small-scale demonstrator facility to manufacture hydrogen fuel locally.

- E. *Leading by example* - A number of the demonstrator projects which we are developing are already recognised as being at the forefront of good practice by local authorities in the UK.
- F. *Low Carbon Community Buildings* – the design of new buildings such as the new swimming pool at Whitchurch is increasingly being informed by information about lifetime energy and carbon performance to minimise carbon emissions and running costs.
- G. *Electric Vehicle Chargers* – Shropshire Council has one of the largest EV charging infrastructure programmes in the Midlands and will soon own and operate over 300 chargers in its car parks, with a further 500 to come in future years!
- H. *Business Support* – Shropshire Council is working closely with community climate organisation and local businesses to offer free climate advice and training for local firms and to free consultancy advice on the installation of solar panels on large industrial buildings. The continued availability of these support programmes may also help local companies supplying goods and services to Shropshire Council to reduce their emissions.
- I. *Community Climate Action* - We have established a really positive and constructive ongoing working relationship with community climate organisations across Shropshire.

3.11. **Aims and Objectives for the Future:**

- A. Generate wider ownership of the climate change agenda through staff engagement, and through the integration and normalisation of climate considerations as part of normal council business. This should include:
 - i. building internal awareness, capacity and capability through an on-going programme of carbon literacy training
 - ii. the development and implementation of a corporate carbon accounting approach, including the inclusion of carbon offset values in project financial business cases
 - iii. the identification of service-level champions to help ensure that carbon performance and climate issues to be considered as a normal part of service planning across all Council services
 - iv. urgently working our top 100 suppliers to test modelled data and to help them develop and deliver carbon reduction plans to reduce the carbon emissions which they generate on our behalf
- B. Resilience & Adaptation – National research indicates that 77% of local authorities have reported that public health is already being impacted adversely affected by climate-related hazard such as heat, flooding and heavy rainfall. We urgently need to work jointly with others to work out how local services and infrastructure could be affected by extreme weather and to build their resilience.
- C. Support wider engagement of Shropshire communities and businesses to generate informed decisions about investment in measures to improve the energy performance of domestic and commercial buildings and capture the full potential of green growth and skills in Shropshire.
- D. The Climate Task Force is proposing to carry out a mid-term review of the adopted corporate Climate Strategy and Action Plan during 2025 to take account of Shropshire’s climate and carbon performance to date and to reflect the availability of additional information and changes in context and technology.

4. Integrated Waste PFI Contract

- 4.1 The Integrated Waste Management PFI Agreement commenced in 2007 and covers the collection, transport, treatment and disposal of municipal waste in Shropshire the contract being in two parts, Waste Treatment Services (WTS) and Collection Recycling Services (CRS). The PFI Agreement was awarded to Veolia Environmental Services Shropshire Ltd (VES Shropshire) with Shropshire Council (“the Council”) taking on the role of client from the Shropshire Waste Partnership, following the creation of the Unitary Authority in 2009.
- 4.2 The existing assets including operational depots and Household Recycling Centres (HRC) are leased to Veolia under the terms of the contract whilst the key piece of infrastructure, the 95,000 tonnes per annum Battlefield Energy Recovery Facility (ERF) became operational in 2015. The original planning application for the ERF was refused in July 2010 and following a planning appeal, approval was issued in January 2012 with construction of the facility starting in October 2012. The contract was for 27 years up to September 2034 however, due to the delay in the construction of the ERF the contract was extended in March 2015 for a further 4.5 years taking the end of the contract to 2038/39.
- 4.3 The project has also benefited from financial support in the form of PFI credits due to the associated infrastructure development, specifically the ERF. The plant has been successfully delivered and been classed as a recovery operation by the Environment Agency, other minor infrastructure has been developed as required within the PFI Agreement, the only outstanding element being the in-vessel composting facility. A suitable site has now been identified and plans for the plant will be put forward once the decision on the future collections of food and garden waste have been agreed in order to determine the size and type of facility required.
- 4.4 Contract performance in terms of the delivery of key contract requirements has been good and is reflected in both Key Performance Indicators (KPI) and customer satisfaction this is also reflected by relatively low number of formal complaints received relating to the waste services.

Energy Revenue Share

- 4.5 The arrangement within this contract is fixed which provides stability, predictability, reduces administrative costs and complexity, gives a clear financial responsibility and benefit to the provider although the provider may take more risk, they also have a greater percentage of any reward.
- 4.6 There is a base case revenue for both energy (electricity from the ERF) and recyclable materials. The ERF principal activity is the burning of residual household waste 24/7, which heats water, and the steam turns turbine blades attached to a generator that converts the energy into electricity which is then sold on to the wholesale energy market. Due to the significant increase in the wholesale energy market it is now predicated that the council will be moving into a positive revenue share position from energy and recycle from 2024/25 onwards.

Key Achievements during 2022-23

Best Value Review

- 4.7 The Best Value Duty relates to the statutory requirement for local authorities and other public bodies defined as best value authorities in Part 1 of the Local Government Act 1999 (“the 1999 Act”) to “make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness”. In practice, this covers issues such as how authorities exercise their functions to deliver a balanced budget (Part 1 of the Local Government Finance Act 1992), provide statutory services, and secure value for money in all spending decisions.
- 4.8 There conditions within the contract allow the council to instigate a best value review at any time and to address the council budgetary pressures and requirement for financial savings the council instigated a formal review of the relevant services within the contract in September 2023.

This had the following objectives:

- To determine how to extract better value out of the contract and where there may be opportunities for efficiencies and financial savings.
- To gain a better understanding of the payment mechanism and the financial model and how these are being applied to invoices in practice.
- To establish whether energy and recycle revenues have been generated in accordance with the contract and, are an actual reflection of energy and materials pricing over the contract term to date.
- To summarise the financial performance of Veolia ES (Shropshire) Ltd as set out in the published accounts and compare to the projections in the financial model.
- To understand how IRR was intended to be applied to the contract and any opportunities for gainshare.
- To be clear on the impact of how upcoming legislation may alter waste volumes in the original base case financial models.
- To consider potential options to derive value from the contract and analyse the pros, cons and potential for efficiencies associated with each of them in order to determine a recommended way forward.

This work was undertaken by PWC and covered 6 main areas:

1. Commercial review of contract terms to identify value levers:
2. Invoice validation:
3. Commodity market review - energy and recycle
4. Assessment of current market value and IRR including gainshare options
5. Assessing the impact of upcoming legislation
6. Options appraisal to extract best value from the Contract:

EFW Net Future Value Analysis

- 4.9 Additional work was also undertaken by WSP to inform the future value of the Efw asset: setting out the longlist of contracting options for the council upon expiry of the PFI in 2039

Aims and Objectives for the Future:

Weekly Food Waste Collections

- 4.10 The council presently collects food with garden waste on a fortnightly basis from 90,000 of the 147,000 properties in Shropshire those not included are in Bridgnorth and Oswestry and they receive a fortnightly garden waste only service.
- 4.11 In December 2022 DEFRA wrote to all Local Authorities regarding the implications of the introduction of separate food waste collections on existing long-term contracts setting out relevant criteria for a potential transitional period. As there is already a mixed food & garden service in place then in accordance with the legislation a weekly food waste collection service is required to be implemented by 2026/27
- 4.12 We have been working with colleagues from DEFRA through the food waste programme and part of this work has included the provision of funding to develop weekly food waste collection options across Shropshire utilising the WRAP Kerbside Analysis Tool (KAT).
- 4.13 This work was to explore the costs and operational implications of introducing a separate weekly food waste collection system. The carbon emissions from each collection option have also been modelled through the Waste & Resource Assessment Tool for the Environment (WRATE). This work has been undertaken by the Local Partnerships through Frith Resource Management.
- 4.14 The options presented give a good understanding of the impact of changes to the existing baseline service. The overall results show that there will be both a financial and carbon impact that cannot be helped. Whilst increased recycling and decreased residual will mitigate some of the impacts, the report correctly identifies that weekly separate collections of food waste will significantly impact on the council finances in terms of capital and revenue expenditure which has not been included within our medium-term financial strategy due to the uncertainty around new burdens funding.
- 4.15 However, indicative transitional costs for bins and vehicles has now been confirmed as grant payment for 2023/24 of £2.791m, this presently does not meet the cost of any of the options modelled and quality assured by DEFRA, subsequently we have raised our concerns and are awaiting confirmation of additional funding to cover the gap.
- 4.16 It is also critical for our medium-term financial strategy that we receive indicative funding details for both the resource transitional funding for 2024/25 and ongoing resource and revenue costs post 1 April 2026.

Garden Waste

- 4.17 The council continues to face significant financial pressures and it is therefore essential that the council looks at alternative sources of revenue generation, the alternative would be to cut essential frontline services.
- 4.18 The collection of garden waste is not presently a statutory duty and a service the council are not required to provide if they choose not to do so. However, this service was included within the specification for the letting of the integrated waste contract and was subsequently priced into the bids submitted.

- 4.19 There is presently no statutory duty to collect garden waste and whilst some councils collect free of charge the majority 67% (221) charge for the service. There is no specific legislation that dictates what a council can charge, the fees for garden waste can vary from between £30-£75 and are set on each councils' individual circumstances such as, cost of providing the service, local budget constraints and demand. The revenue generated can be used to offset other budget pressure and support the delivery of existing services.
- 4.20 The benefit in Shropshire is that the infrastructure in terms of bins, vehicles, staff, and treatment facilities are already in place and these costs fully understood so the introduction from an operational point of view is straight forward.
- 4.21 Residents will only pay for the service if they opt-in to the scheme and it will remain free for residents to dispose of their garden waste at our Household Recycling Centres (HRC)
- 4.22 We remain committed to protecting and enhancing our environment and delivering on the aims and priorities as set out in our corporate plan. This includes continuing to encourage people to think about the impact of their actions on the environment and to 'reduce, reuse and recycle' their waste.
- 4.23 There is no evidence to suggest that we will see any increase in fly-tipping because of a subscription service being introduced. We have spoken to other councils that have introduced similar schemes and they have not seen an increase. Importantly, fly-tipping is a crime, and anyone caught doing it could be prosecuted and face a large fine, although this is organic material and will naturally breakdown, posing no risk to the environment.

Waste Minimisation

- 4.24 Reducing the amount of waste that residents produce in Shropshire can have several benefits ranging from protection of natural resources, conserving energy and reducing carbon emissions to the financial benefits to the council of reducing our collection costs. Current waste minimisation initiatives include:
- Master Composter Programme.
 - Shropshire Good Food Partnership
 - Social media and piggy backing of national and local campaigns
 - Outreach and Public Engagement
- 4.25 Further to a recent motion at Council a revised 'Waste Minimisation plan' is now being developed, this will include relevant consultation and is due to be discussed and agreed at full council in September 2024.

5. Public Transport - Background

- 5.1 Shropshire Councils Active Travel ambitions are established and prioritised within the draft Shropshire Local Cycling and Walking Infrastructure Plan (LCWIP). In the summer of 2023, the Council analysed the feedback generated through a comprehensive public and stakeholder engagement exercise and produced the final draft of the LCWIP and the Delivery Plans for Shrewsbury, Oswestry, Market Drayton, Whitchurch, Ludlow, Bridgnorth and Church Stretton. (See Background Paper- Draft LCWIP)

- 5.2 The LCWIP aims to deliver on the Shropshire Plan’s key strategic objectives by providing for a high-quality active travel network of routes which will enable more people to choose walking, cycling and wheeling for short trips. This, in turn, will help Council to deliver on its ambitions to:
 - a. Develop more opportunities for active travel in Shropshire generating a range of related benefits, including improved air quality and better health and wellbeing (Healthy Environment)
 - b. Support the increase in low carbon transport in the County (Healthy Environment)
 - c. Encourage changes to the way people travel and the use of sustainable transport options (Healthy Economy)
 - d. Increase health and wellbeing and reduce social isolation through physical activities (Healthy People)

- 5.3 Once endorsed by Cabinet (March 2024), it is expected that the LCWIP will be adopted by Council summer 2024.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Draft LCWIP

Local Member:

All

Appendices