

ABERDEEN CITY COUNCIL

COMMITTEE	Urgent Business Committee
DATE	30 June 2020
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Net Zero Vision and Infrastructure Plan Governance
REPORT NUMBER	COM/20/099
DIRECTOR	Chief Executive
CHIEF OFFICER	Richard Sweetnam
REPORT AUTHOR	Richard Sweetnam
TERMS OF REFERENCE	UBC 1

1. PURPOSE OF REPORT

- 1.1 The purpose of the report is to present the proposed governance model for the delivery of Aberdeen's climate change ambitions as articulated through the Net Zero Vision for Aberdeen, and the Strategic Infrastructure Plan – Energy Transition.

2. RECOMMENDATIONS

That the Committee:-

- 2.1 approves the Terms of Reference and proposed membership for the Net Zero Vision Leadership Board as outlined in this report and instructs the Chief Officer City Growth to continue the approach to proposed members;
- 2.2 approves the Terms of Reference and proposed membership for the supporting Delivery Unit and instructs the Chief Officer City Growth to continue the approach to proposed members; and
- 2.3 notes that updates on progress will be provided by the Chief Officer City Growth to the City Growth and Resources Committee and also as part of the Council's existing statutory annual Climate Change Report.

3. BACKGROUND

- 3.1 On 6 May 2020, the Council's Urgent Business Committee approved a Net Zero Vision for Aberdeen and a supporting Strategic Infrastructure Plan for Energy Transition. The Vision recommended a new 'City Leadership Board' to have strategic oversight and lead the overall implementation of the plans and the Committee instructed the Chief Executive to report back to the Council's Urgent Business Committee on 30 June on the proposed model, its composition and its terms of reference. This aligns with the previous Committee recommendation to establish citywide climate change governance model following approval of Powering Aberdeen and Aberdeen Adapts.

3.2 The Net Zero Vision for city is:

“We want Aberdeen to become a climate positive city at the same time, helping to lead the world on the rapid shift to a net zero future by leveraging its unique assets and capabilities to support the global energy transition.”.

3.3 The Vision document recognised the need for such a senior leadership group, recognising the scale of structural shift needed for a successful energy transition.

3.4 The Board would provide the leadership and strategic direction for the vision and would be led by the Council. Below that, a separate ‘Transition Delivery Unit’ would be formed to drive the implementation of the Infrastructure Plan itself, and having oversight of complementary programmes from the Council and other organisations, for example: Powering Aberdeen, Aberdeen Adapts and links with the Council’s own Energy and Climate Plan to reduce its carbon footprint and increase its climate resilience.

3.5 The Vision for the Strategic Infrastructure Plan – Energy Transition is:

“To outline infrastructure projects which will contribute to the city’s energy transition from fossil based to net carbon zero public sector; net carbon zero city and ultimately a climate positive city over the next few decades.”.

3.6 The Vision and the proposed governance model is important on a number of fronts, not least as a key part of the city region’s economic recovery from the impacts of Covid-19 and the recent fluctuating oil prices. How the city positions itself, and its energy assets including its track record, supply chain expertise, global reputation, technology, skills or R&D is key to that recovery and securing investment. If the UK Government and the Scottish Government are to meet their climate change targets, a successful Aberdeen will be a significant contributor.

3.7 The Board and the supporting Delivery Unit will need to be collaborative reflecting that the city and its stakeholders are all on a net zero journey’, and ensure that existing projects, plans and strategies are all catered for in the work of the unit to secure widespread buy-in and developing complimentary initiatives.

4. CITY LEADERSHIP GOVERNANCE MODEL

4.1 The purpose of the Board is to provide a platform for collective leadership of the drive to a net zero and climate resilient city, and to build consensus and champion the vision. It will lobby and promote the Vision and the ambition of the city ‘as one’ to the UK Government and the Scottish Government, making clear the scope and scale of the transition opportunity in Aberdeen. The UK and Scottish climate change targets will not be reached if cities like Aberdeen, as source of emissions, and in Aberdeen’s case a competitive advantage in energy production, technology and innovation, are not successful. The Board will promote the Vision as a national infrastructure and economic development priority, particularly in response to the challenges of Covid-19, fluctuating oil

prices and ensuring that the transition towards a net zero and climate resilient city is at the heart of national and regional economic recovery.

4.2 The Board should harness the excellent expertise, connections and relationships the city's stakeholders already provide in driving the overall ambition for a climate positive city. Further scope and a Terms of Reference for the proposed Board is provided in Appendix 1 to this report. The following organisations have responded positively to an informal approach to participate in the Leadership Board if it is approved by the Council. The Committee on Climate Change could not participate but was supportive of the proposed approach in the context of its work later this year on advice to cities on delivery of net zero. Four more have been contacted but have yet to respond (eg Climate & Energy Economist formerly with C40 Cities; University of Strathclyde's Centre for Energy Policy/ Just Energy Transition; Scottish Renewables).

- Centre for Cities;
- Opportunity North East (ONE);
- Crown Estate Scotland;
- Aberdeen Economic Policy Panel/ Fraser of Allander Institute;
- Scottish Hydrogen Fuel Cells Association (SHFCA);
- Offshore Renewable Energy Catapult;
- Scottish Gas Networks (SGN);
- BP;
- Oil and Gas Technology Centre.

4.3 An effective delivery platform is also needed to leverage the collective expertise and resources of key stakeholders developing and delivering projects across Government, the wider public sector, industry and research and development. A separate Delivery Unit is proposed to coordinate the work required, and take appropriate operational responsibility, to progress the Priority Actions identified as part of the Net Zero Vision and Strategic Infrastructure Plan – Energy Transition.

4.4 In order to establish a robust baseline against which business cases and ultimate implementation of projects can be assessed, the Unit will develop an evaluation framework to monitor the *ex-ante* and *ex-post* environmental and socio-economic impacts of the interventions, and support the financing and investment plans for supporting development of the projects.

4.5 The work of the Unit would be overseen by the Leadership Board, with a core team of resources drawn from delivery organisations across the city, including the Council itself. Further scope and a Terms of Reference for the proposed Delivery Unit is provided in Appendix 2 to this report. The following organisations have responded positively to an informal approach to participate in the Delivery Unit if it is approved by the Council. Five more have been approached but have yet to be confirmed (eg Aberdeen Climate Action, Energy Transition Unit – RGU, Skills Development Scotland, Scottish Environmental Protection Agency, Aberdeen Heat and Power,).

- Centre of Energy Transition – University of Aberdeen;

- Opportunity North East (ONE);
- Scottish Enterprise;
- Aberdeen Renewable Energy Group;
- NESTRANS;
- Oil and Gas Technology Centre – Net Zero Solutions.

5. FINANCIAL IMPLICATIONS

5.1 At its meeting on 3 March 2020, the Council approved the General Fund Revenue Budget and Capital Programme 2020/2021 which contained a commitment to invest approximately £100 million towards achieving Net Zero emission targets. This budget programme contained funding for initiatives that will support work under this Vision and Plan. Given the scale and pace of change required, the implications therefore are that the case for funding by the UK Government and Scottish Government needs to be made and the a finance and investment plan will be developed as part of the business case exercise for development of the projects.

5.2 Therefore in financing the energy transition of the city, it is important that existing and new funding mechanisms are identified to respond to the challenge and opportunity, and priorities here may include:

- Any new fiscal measures or incentives being considered by UK Government;
- State Aid block exemptions that are flexible so that cities like Aberdeen can more effectively support economic growth – and in this case energy transition;
- Potential alignment of the UK Shared Prosperity Funds to the UK Industrial Strategy – emphasis on making clean technologies cost less than high carbon alternatives and specific reference to low carbon hydrogen production;
- Playing to a city region’s strengths and influence around decision making according to the economic recovery/ growth potential and not solely deprivation.
- The Infrastructure Commission and the Scottish National Investment Bank, and the emphasis on energy transition, or Green Growth incentives;
- Investment by the North East of Scotland Pension Fund in infrastructure.

5.3 There are no financial implications on the Council’s budget approved on 3 March 2020. Any other staffing implications would be considered within the Council’s established procedures.

6. LEGAL IMPLICATIONS

6.1 Work towards a Net Zero city and a Climate Resilient Aberdeen contributes to the Council’s and other public bodies duties under Part 4 of the Climate Change (Scotland) Act 2009 and the Climate Change (Emissions Reduction Targets) (Scotland) Act 2019.

6.2 It should be noted that the duty to report to timescales has been relaxed to a certain extent by the Coronavirus (Scotland) Act 2020

7. MANAGEMENT OF RISK

	Risk	Low (L), Medium (M), High (H)	Mitigation
Financial	<p>Budget pressures - costs of developing/ implementing energy and climate actions.</p> <p>Lack of funding mechanisms to implement actions.</p> <p>Increase in costs for all from not implementing measures to address their climate risks.</p>	H	<p>Budget constraints across public and private sectors provide incentive to reduce resource consumption and carbon emissions.</p> <p>Unlock external funding opportunities, making the case that Aberdeen is key to the success of the UK Government and Scottish Government's reaching its climate change goals.</p>
Legal	<p>Failure to meet public sector climate duties.</p> <p>Failure to meet existing and emerging legislative and regulatory requirements on climate and energy in public and private sectors, as well as contribute to the delivery of national targets/ programmes.</p> <p>Failure to keep abreast of legislative changes.</p>	H	<p>Ensure that legal ramifications of regulatory changes are understood, communicated to relevant stakeholders and built into decision making processes.</p> <p>Respond to relevant strategic and legislative consultations.</p>
Employee	<p>Insufficient staff resources to progress action/ competing priorities.</p>	M	<p>Managed in collaboration with the Council's Energy and Climate governance framework and associated internal communications plan.</p>
Customer	<p>Lack of understanding about</p>	M	<p>City Leadership and Delivery Unit.</p>

	Risk	Low (L), Medium (M), High (H)	Mitigation
	<p>climate change and planned approach.</p> <p>Insufficient stakeholder engagement and involvement.</p>		Complementary business and public communications strategy.
Environment	<p>Failure to meet the Net Zero target. That the approach is not sufficiently robust to support the financing, delivery and monitoring of carbon reduction and adaptation projects.</p> <p>Failure to address environmental impacts associated with the development of energy infrastructure.</p>	H	<p>Establish governance framework to ensure time/ resource allocated to drive delivery.</p> <p>Establish clear monitoring and reporting procedures.</p> <p>Identify enough projects to deliver carbon savings and climate resilience.</p> <p>Undertake relevant environmental assessments.</p>
Technology	Failure to invest in renewable and nature-based technology to reduce emissions and manage climate risks.	M	Development and delivery of this Vision and Plan.
Reputational	<p>Failure to lead with ambition in tackling the climate and associated economic risks and opportunities. Risk if commitment conflicts with other ambitions and decisions.</p> <p>Risk of delays to establishing governance/ progress</p>	H	<p>Establish strong citywide leadership and governance framework.</p> <p>Ensuring elements of the Net Zero Infrastructure Plan are delivered</p>

	Risk	Low (L), Medium (M), High (H)	Mitigation
	<p>with Plan, i.e. Covid-19.</p> <p>Failure to deliver a commitment to the Vision, and associated action may risk Aberdeen's ability to attract talent to drive economy and higher education</p> <p>Covid-19 recovery – and the challenges now facing the oil and gas industry and the implications for the city region's economy</p>		

8. OUTCOMES

<u>COUNCIL DELIVERY PLAN</u>	
	Impact of Report
Aberdeen City Council Policy Statement	<p>The proposals within this report support the delivery of following Policy Statement objectives:</p> <p>Economy 14. Work with both governments in order to unleash the non-oil and gas economic potential of the city</p> <p>People 11. Reduce fuel poverty across our most deprived communities through combined heat and power schemes including the Energy from Waste Plant</p> <p>Place 1. Build up existing strength in hydrogen technology 2. Support efforts to develop inward investment</p>
Aberdeen City Local Outcome Improvement Plan	
Prosperous Economy Stretch Outcomes	The development and delivery of net zero and resilience actions directly support the delivery of LOIP Stretch Outcome 1 – 10% increase in employment across priority and volume growth

	<p>sectors by 2026. The overall outcome target must be to maintain and grow 36,000 jobs in the energy sector, including renewables.</p> <p>At the heart of the Energy Transition Zone project is the commitment to develop an ‘academy’ approach to developing vocational skills around energy transition involving schools, localities and North East Scotland College.</p>
Prosperous People Stretch Outcomes	The proposals in this report support the delivery of stretch outcome 11 - Healthy life expectancy (time lived in good health) is five years longer by 2026. Actions to reduce carbon emissions; and protect and improve the environment can have a positive impact on health and wellbeing.
Prosperous Place Stretch Outcomes	The proposals in this report support and go beyond the delivery of stretch outcome 14 - carbon emissions reduction by 42.5% by 2026 and adapting to the impacts of our changing climate. It can contribute to stretch outcome 15 – 38% of people walking and 5% of people cycling as main mode of travel by 2026
Regional and City Strategies	The net zero vision and infrastructure plan within this report support the Regional Economic Strategy, the Strategic Development Plan, Local Development Plan and Regional Transport Strategy by recommending the proposals and projects to meet objectives delivery an energy transition that supports economic development, reduction in carbon emissions and addressing climate change.
UK and Scottish Legislative and Policy Programmes	<p>The report sets out the City’s response to the Intergovernmental Panel on Climate Change set under the Paris Agreement Annual Child Poverty Action report and the UK Governments ambition to have Net Zero emission by 2045.</p> <p>The report also set out the City’s plans to me the Scottish Government’s Climate Change (Emissions Reduction Targets) (Scotland) Act 2019, which amends the Climate Change (Scotland) Act 2009</p>

9. IMPACT ASSESSMENTS

Assessment	Outcome
Impact Assessment	Not required

Data Protection Impact Assessment	Not required
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10. BACKGROUND PAPERS

- 10.1 Urgent Business Committee, 6 May 2020 - Net Zero Vision and Infrastructure Plan - PLA/20/088

11. APPENDICES

- 11.1 Appendix 1 – Net Zero Vision City Leadership Board – Terms of Reference
- 11.2 Appendix 2 – Net Zero Vision Delivery Unit – Terms of Reference.

12. REPORT AUTHOR CONTACT DETAILS

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