

## Climate Change Study Stage 1 – Organisational Boundary and Scope Allocation. Climate Change Officer, Sarah Hides

### **Synopsis of report:**

The purpose of this report and attached appendix is to set out the background concepts and principles that have been used to draft the baseline CO<sub>2</sub>e emissions for the Council as part of the Climate Change Study Part 1 work. The report presents the options for the different types of carbon accounting principles that could be used by the Council to report our emissions for the Council estate and operations and where our assets and activities sit within the three emission scopes, as defined within the Green House Gas (GHG) Protocol.

### **Recommendation:**

#### **Corporate Management Committee is asked to AGREE:**

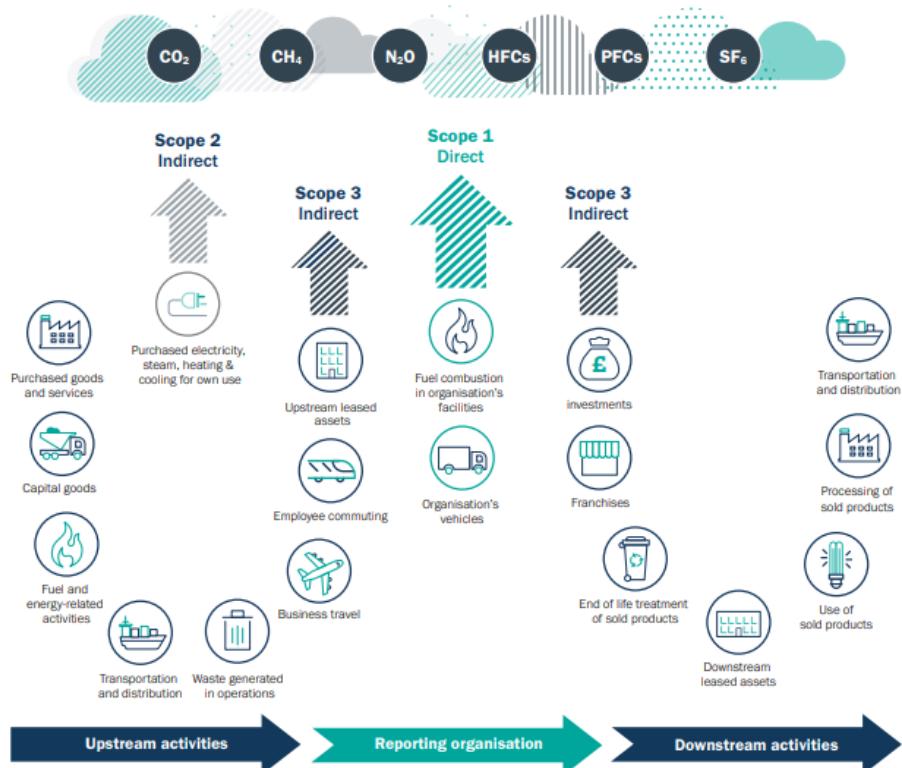
- 1. That the Council's approach to defining its organisational boundary for the purpose of setting its carbon baseline and emissions reporting for its own estate and operations should be that presented in Option 2 of the Officer report.**

### **1. Context and background of report**

- 1.1 Runnymede Borough Council's Climate Change Study began at the end of October 2022 and will run until the spring of 2023. The main purpose of the project is to support the implementation of Runnymede Borough Council's Climate Change Strategy and Action Plan, including, in particular, actions delivered by the Planning Policy team through the Local Plan. This work is in support of the council's target to achieve operational net zero carbon emissions from its services and operations by 2030, and also to enable its action within its areas of influence, to reduce emissions across the wider Borough by 2050, in line with national targets.
- 1.2 The work of the study is split into two main stages:
  - a. Stage 1, will establish the Council's and the borough's emissions baseline and improve and streamline our carbon monitoring, measuring and reporting methodologies. The Stage 1 work will also estimate carbon emissions trajectories for various mitigation pathways out to 2030 and 2050. The Council's emissions baseline year has been chosen to be 2019 to be in line with Surrey County Council reporting.
  - b. The Stage 2 work will establish the evidence base needed to underpin the development of future planning policies to mitigate and adapt to climate change in the revised local plan. Building on the Council's Climate Change Strategy and using the baseline work on emissions in Stage 1 of the Climate Change Study, the Stage 2 work will recommend decarbonisation pathways which will help identify priority areas for action and show where policy gaps remain.

- 1.3 The emissions accounting methods used to develop our baseline are derived from the guidance given in the Green House Gas (GHG) Protocol. The GHG Protocol supplies the world's most widely used GHG accounting standards. Building on a 20 year partnership between the World Resources Institute and the World Business Council for Sustainable Development, the GHG Protocol works with governments, industry associations, NGOs, businesses and other organisations.
- 1.4 The GHG Protocol establishes comprehensive global standardised frameworks to measure GHG emissions from private and public sector operations, value chains and mitigation actions. The standards produced are designed to provide a framework for businesses, governments and other entities to measure and report their GHG emissions in ways that support their goals.
- 1.5 Within the GHG Protocol emissions sources are divided into three scopes as shown in the table and figure below:

Scope	Definition
Scope 1	GHG emissions from sources owned or controlled by the Council.
Scope 2	GHG emissions from the consumption of purchased electricity, steam or other sources of grid-generated energy. Includes electricity supply to the Council's operational buildings.
Scope 3	GHG emissions that occur indirectly from Council activities, outside the control of the Council (e.g. the Council's procured services and investments).



- 1.6 Land Use Consultants (LUC) are the consultants who hold overall responsibility for the project management of the Climate Change Study and will be completing the majority of the Stage 2 work. However, as the field of expertise needed to cover all parts of this project is vast, they have subcontracted the bulk of the Stage 1 work to Aether, who hold considerable expertise and experience in carbon modelling, measuring, monitoring and reporting, and work with a range of local authorities and other public bodies in this area.
- 1.7 On February 8<sup>th</sup> LUC and Aether gave a MS Teams presentation to which all Members were invited, to introduce the Climate Change Study in more detail and gave an update on the progress of the Stage 1 work. The presentation covered carbon reporting principles, emissions scopes and accounting methods and presented the draft baseline estimate. The recording of the presentation and the slide pack are available on the All Members Teams Channel.
- 1.8 Appendix A to this report is compiled by Kirsten May at Aether. It sets out the background concepts and principles that have been used to draft the emissions baseline. The different carbon accounting principles available are set out and a draft of the scope allocation is given showing where the Council's assets and activities sit within the three scopes. This appendix has also been circulated previously to all Members as background information for the February 8th presentation.
- 1.9 At the time of writing this report, the Stage 1 work of the Climate Change Study is ongoing and the baseline for the Council's estate and operations is in draft form. The purpose of the remainder of this report is to present the options for the different types of carbon accounting principles we could use to report the Council's emissions for its estate and operations (described from page 4 of Appendix A) and as such, agree where our assets and activities sit within the three emission scopes (draft presented on Page 7 of appendix A).

## 2. Report

- 2.1 An operational boundary defines the emission sources that are included in GHG reporting. As described in appendix A, emission sources are divided into three scopes. Setting a clear operational boundary defines which emission sources are included in the reporting and which ones are excluded.
- 2.2 An organisational boundary defines which parts of an organisation are included for the purpose of GHG reporting.
- 2.3 The Council would need to consider the full scope of emissions occurring within the operational boundary within the limits of the organisational boundary.
- 2.4 The following options set out the three different types of organisational boundary we could apply to the Council as defined within the Green House Gas Protocol Corporate Reporting Guidance.

### Option 1: Financial control boundary

- 2.5 The Council reports on all sources of environmental impact over which it has financial control. The Council is considered to have financial control over an operation if it has the ability to direct the financial and operating policies of the operation with a view to gaining economic benefits from its activities.

### Option 2: Operational control boundary

- 2.6 The Council reports on all sources of environmental impact over which it has operational control. The Council is considered to have operational control over an operation if it or one of its subsidiaries has the full authority to introduce and implement its operating policies at the operation.

Option 3: Equity share boundary

- 2.7 The Council accounts for GHG emissions from operations according to its share of equity in the operation.

Officer Recommendation

- 2.8 Officers recommend that Option 2, to use an operational control boundary is agreed.

This is for the following reasons:

- a. Option 2 is the most pragmatic approach to defining the council estate as it allows us to focus on what is in our direct control and what we are most able to influence and change.
  - b. This approach most closely fits the aim of the climate change target adopted by the Council in January 2022 'to achieve operational 'Net Zero Carbon' emissions from its services and operations by 2030'.
  - c. An operational control boundary accounting approach is used by Surrey County Council to whom we regularly report our CO2e emissions.
  - d. The emissions we have previously been reporting to BEIS sit within this approach.
- 2.9 It is important to note that the organisational boundary agreed will be for reporting purposes only and does not preclude the Council from working to reduce emissions in areas of its influence not included or reported on within the chosen boundary. This also applies to areas where data to show progress is hard to gather.
- 2.10 It is also noteworthy that if the approach to defining our organisational boundary should need to change in the future for any reason not yet foreseen, this would be possible due to the transparent accounting process used to create the baseline. As such, information per source of emission could be disaggregated and moved between scopes to align with a different approach to defining the Council's organisational boundary, if this became necessary.

**3. Policy framework implications**

- 3.1 The Runnymede Climate Change Study is essential to support implementation of the Council's Climate Change Strategy. The Climate Change Strategy states in relation to the Council's baseline work that 'Getting this right is key to ensuring that we can evidence our work and investment as well as establishing our credentials to drive wider changes in areas outside our direct control'.
- 3.2 The overarching target for the Borough and the UK is to reach net zero carbon emissions by 2050. In addition, the Council adopted its climate change target in January 2022 'to achieve operational 'Net Zero Carbon' emissions from its services and operations by 2030'. The baseline and emissions accounting work from Stage 1 of

the Climate Change Study is essential in enabling the Council to achieve these targets and successfully measure and monitor our progress towards doing so.

#### **4. Resource and finance implications**

- 4.1 None at present

#### **5. Legal implications**

- 5.1 The Paris Agreement which is a legally binding international treaty on climate change was adopted by 196 Parties, including the UK at COP 21 in Paris on 12 December 2015 and came into force on 4 November 2016. Its goal is to limit global warming to well below 2 degrees Celsius, preferably 1.5 degrees Celsius, compared to preindustrial levels.
- 5.2 In June 2019, Parliament passed The Climate Change Act 2008 (2050 Target Amendment) Order 2019, which requires the Government to reduce the UK's net emissions of greenhouse gases by 100 per cent relative to 1990 levels by 2050.
- 5.3 In January 2022, the Council committed to tackling climate change and adopted a target to achieve operational 'Net Zero Carbon' emissions from its services and operations by 2030.
- 5.4 The Council's Climate Change Study and baseline work will be vital in ensuring that the Council can deliver on the above commitments.
- 5.5 Any specific legal implications associated with organisational boundary setting for the Council's emissions reporting will be assessed as they occur.

#### **6. Equality implications**

- 6.1 The Council has a Public Sector Duty under the Equality Act 2010 (as amended) to have due regard to the need to:
  - a) Eliminate unlawful discrimination, harassment or victimisation;
  - b) Advance equality of opportunity between persons who share a Protected Characteristic and persons who do not share it;
  - c) Foster good relations between those who share a relevant protected characteristic and persons who do not share those characteristics;

in relation to the 9 'Protected Characteristics' stated within the Act.

- 6.2 The Council's Climate Change Strategy has been subject to an Equalities Screening. The Climate Change Study will further support any conclusions drawn about equalities associated with this higher level strategy, which it seeks to build on.

#### **7. Environmental/Sustainability/Biodiversity implications**

- 7.1 The objectives set out in the Climate Change Strategy aim to enhance the environment and to promote sustainability and biodiversity. The work of the Climate Change Study is fundamental to taking this forward.

#### **8. Other implications**

- 8.1 If Option 2 is not chosen, officers may need to recalculate past emissions reports given to Surrey County Council and BEIS to reflect the change in organisational boundary approach.

**9. Timetable for Implementation**

- 9.1 It is anticipated that the Stage 1 work of the Climate Change Study will be completed in April 2023 and reported to CMC in May 2023.

**10. Conclusions**

- 10.1 This report and the attached appendix set out the background concepts and principles that have been used to draft the Council's baseline CO<sub>2</sub>e emissions as part of the Climate Change Study Part 1 work. The various options for the different types of carbon accounting principles that could be used to report our emissions for the Council estate and operations have been detailed. Feeding on from this, the draft allocation of the Council's assets and operations within the three GHG Protocol emission scopes has been shown.
- 10.2 Officers recommend that Option 2, to use an operational control approach to define the Council's organisational boundary is agreed. This is for the purposes of setting the Council's carbon baseline and emissions reporting only and does not preclude the Council from using its influence to reduce emissions in areas which sit outside the boundary.

**Background papers (attached pdf)**

Appendix A – RunnymedeNetZero\_CarbonReporting\_Briefing Note\_Feb8