



Douglas Borough Council

Committee Report

REPORT TO	
Executive Committee	
DATE OF MEETING	
25 th May 2023	
REPORTING OFFICER	
Director of Environment and Regeneration on behalf of the Net Zero Officer Working Group	
SUBJECT	
Carbon Footprint 2021/2022	
1	REASON FOR REPORT
	To report to Committee and therefore full Council, the Council's progress toward reducing its carbon footprint in line with its Net Zero Strategy and Action Plan One and to seek approval for the engagement of an external specialist to validate the Council's calculations, assumptions and estimations once every five years.
2	RECOMMENDATION
	<p>That Committee:</p> <ul style="list-style-type: none">• Notes the approximate 13% reduction in the Council's carbon footprint from the baseline year of 2018/19;• Approves the Council's carbon footprint being calculated and validated externally every five years to ensure assumptions remain current and the in-house calculations remain as accurate as possible;• Approves the appointment of an external agency to calculate and validate the Council's carbon footprint for 2023/24 in 2024;• Approves £10,000 to be built into the 2023/24 Budget for this purpose.
3	FURTHER APPROVAL REQUIRED
	None.
4	SUPPORTING RATIONALE
4.1	In July 2019, the Council embarked upon a journey to formally record and reduce its carbon footprint and align itself with the Government's Net Zero by 2050 agenda. This was formalised in the adoption of a Net Zero Strategy and Action Plan One at Council in March 2022.
4.2	In the same July 2019 report, the Council agreed to engage the services of the Carbon Trust to calculate the Council's carbon footprint for the 2018/19 financial

	<p>year, which would be the baseline year from which all carbon emissions would be measured.</p>
4.3	<p>The report from the Carbon Trust highlighted those areas with the highest emissions for future action. The final presentation from the Carbon Trust was received by the Executive Committee and full Council in February 2021 and April 2021 respectively.</p>
4.4	<p>Since that time, Members have received updates on the Council's progress toward reducing its carbon footprint and this report sets out the latest calculated carbon footprint of the Council for the financial year 2021/2022.</p>
4.5	<p>In calculating the emissions data for 2021/22, updated emissions indices for 2021 were applied from the United Kingdom Government's Greenhouse Gas Reporting Conversion Factors (full set), which are used by all United Kingdom based organisations of all sizes and for international organisations reporting on United Kingdom Operations. The 2018 indices were applied by the Carbon Trust in calculating the Council's carbon footprint in 2018/19.</p>
4.6	<p>The only exception to this rule was application of a specific Isle of Man index for electricity, which has been provided by the Isle of Man Government's Climate Change Transformation Team. Members were advised of this change by Briefing Note in February 2023 (Briefing Note Ref 23/02-01).</p>
4.7	<p>The Council's Carbon Footprint for 2021/22 has been calculated as being approximately 15,272.1 tCO₂e which is approximately a 13% reduction on the recalculated baseline year. See Appendix 1 attached.</p>
4.8	<p>As exact consumption data is not known for leased buildings, assumptions were applied by the Carbon Trust for the likely energy usage for these buildings based on size, type of energy and typical use, and based on average retail prices for gas and electricity. The same assumptions were applied in 2021/22 and will continue to be applied unless actual consumption data can be obtained.</p>
4.9	<p>Use of assumptions and estimates is not ideal and it is the view of the Net Zero Officer Working Group that over time, the Council should work to make more scientific its calculations of emissions in this area. To that end, the working group engaged with an outside agency to determine how Scope 3 emissions could be based on actuals rather than assumptions and estimates, and that work is ongoing.</p>
4.10	<p>Further, the figures for procurement, which accounts for 29% of the Council's overall emissions, are based on proprietary indices provided by the Carbon Trust which cannot be obtained from the United Kingdom indices set. Although the same indices have been used since the original 2018/19 baseline year, the overall calculation is based on assumptions that are not tested in terms of actual emissions.</p>
4.11	<p>Scope 3 emissions are calculated based on expenditure. The Net Zero Officer Working Group has previously identified a risk of the impact high inflation rises will have on the Council's carbon emission calculations. For example, higher prices will automatically lead to greater 'spend'. The Council is not necessarily <i>procuring</i> any more services than it was previously but the cost of those services has risen. This will result in a higher carbon emission calculation even though the Council is not <i>procuring</i> more services and therefore producing more carbon.</p>
4.12	<p>An inflation adjustment has therefore been applied to the procurement figures to normalise this spend. It would be prudent for this adjustment to be validated by a climate change specialist in due course. The approach taken was to assign an inflation category to each Environmentally-Extended Input-Output (EEIO)</p>

Category from the Carbon Footprint spreadsheet, and adjust the kgCO₂/£ factors by the relevant detailed Manx CPI rate for September, being the mid-point of the year concerned. For example, the Carbon Trust advised that the kgCO₂/£ for procurement category #28 'Motor vehicle bodies' was 0.5868 in 18/19. The detailed Manx CPI rate for September 2020 for 'purchase of motor vehicles' was 0.7% and for September 2021 was 4.1%. The factor has therefore been reduced by 4.83% to 0.5598 because emissions in respect of that category of expenditure have become more expensive since the Carbon Trust did their calculations.

- 4.13 These inflation adjustments should help ensure future year calculations are not significantly distorted.
- 4.14 Given all of the above assumptions and estimations, it is essential that the Council receives external validation of its assumptions, estimates and calculations to ensure no calculation errors have occurred which could impact the Council's reporting on its net zero journey.
- 4.15 The Net Zero Officer Working Group remain of the view that the Council's Carbon Footprint should be externally calculated every five years to ensure assumptions continue to be valid and reasonable. The next external calculation is therefore due for the financial year 2023/24, which is programmed to be calculated by the end of August 2024.
- 4.16 It is normal practice for trend analysis to be undertaken every five years to even out annual fluctuations caused by external influences, therefore a five year external calculation would be reasonable.
- 4.17 Briefing Note 23/02-01 also advised Members that the business travel element would only be calculated every five years. Experience of calculating this factor since the baseline year has evidenced that there is minimal emissions for the Council in this category, there is little the Council can do to reduce its impact and therefore the time-consuming exercise to calculate these emissions annually will not be undertaken. At most, the carbon emission from this activity represents less than 0.1% of the Council's overall carbon emissions.
- 4.18 The Climate Change (Public Bodies' Reporting Requirements (Amendment) Regulations 2023 were approved by Tynwald in March 2023.
- 4.19 Under these Regulations, the Council, as a Category A public body, has a legal duty to submit an annual report to the Isle of Man Government using an online reporting portal. The portal, which has not yet been released, will calculate emissions using consumption data, however, the online tool will only consider Scope 1 and Scope 2 emissions.
- 4.20 At this moment in time, Scope 3 emissions are not legally required to be reported. The Council, on embarking on its Net Zero journey, committed to calculate and reduce its Scope 3 emissions, given that these represent the largest source of Council emissions. The Council will therefore need to continue to calculate its Scope 3 emissions independently of its legal duty. Officers anticipate the Isle of Man Government seeking Scope 3 data in time, as the Island matures in its Net Zero journey.
- 4.21 The first annual report to the Isle of Man Government is due in September 2023, covering the period 1st April 2022 to 31st March 2023.
- 4.22 Finally, the reporting portal will ask the Council how it has incorporated climate change into its decision-making and how it has aligned its strategies and policies to its legal duties under the Climate Change Act 2021.

	<p>4.23 On the former, the Government is deriving a climate change impact assessment tool which the Council can adopt for major projects or policy decisions. The Council's document templates are currently being updated to account for these elements to make the Council's reporting in these two areas an easier process.</p>
5	ALTERNATIVES CONSIDERED BUT NOT RECOMMENDED
	<p>Not to periodically use an external specialist agency to calculate the Council's carbon footprint. This is not recommended as the template currently used by the Council, provided by the Carbon Trust, contains several assumptions, which were necessary at the time the original carbon footprint was calculated. These assumptions should be tested and updated periodically to ensure they remain relevant and current, and the Council's in-house calculations should also be validated by an external specialist agency periodically.</p>
6	IF PREVIOUSLY CONSIDERED BY COMMITTEE OR COUNCIL, DATE AND DECISION
	<p>Executive Committee, 24th February 2022</p> <p>C19 A Net Zero Carbon Council – Strategy and Action Plan One</p> <p>The Committee considered a written report by the Chief Officers' Management Team on a draft Net Zero Strategy and the first Action Plan towards the Council achieving net zero status.</p> <p>The Isle of Man Government had pledged that the Isle of Man would be carbon net zero by 2050, and, as the largest local authority on the Island (and one of the largest employers in Douglas), the Council would be expected to contribute towards this goal.</p> <p>In response to the Climate Change Emergency declared by the Isle of Man Government, the Committee (in July 2019) had received a report on adopting a Climate Change Strategy for Douglas Borough Council. The Committee had agreed to employ the specialist services of the Carbon Trust to calculate the Council's Carbon Footprint, in order that the Council would have a benchmark from which to begin and to then measure its future progress. The Carbon Trust had begun work to harvest the data required and, although an early report had been produced in February 2020, the outbreak of the Covid-19 pandemic had delayed any further work until the summer of 2020.</p> <p>In February 2021, following receipt of the final report and a virtual presentation from the Carbon Trust, the Committee had agreed that a Strategy for the Council and an Action Plan should be brought forward for agreement and recommendation to the Council. As such, the draft Strategy now proposed (which was in line with the Isle of Man Government's Climate Change Emergency and Action Plan) set out what the Council was aiming to achieve and why; and contained a suggestion for how Action Plans would be brought forward and agreed over the life of the Strategy. 'Action Plan One' was the first in a series of Action Plans, and was intended for the life of the current administration.</p> <p>The Climate Change Act had received Royal Assent in December 2021 and, within the Act, statutory duties were placed upon local authorities by way of Regulation. Guidance from the Government on what was expected of local authorities was due by 1st April 2022 and, as the largest local authority, it was likely that the Council would be expected to undertake emissions-based reporting.</p> <p>Members noted that, in the UK, central Government provided financial assistance to local authorities towards their carbon reduction schemes. Although the Isle of Man Government had established an Environmental Protection Fund (set up as part of the Isle of Man Treasury's 2020 budget to help the Island achieve its climate change</p>

agenda), local authorities did not currently have access to this fund.

Resolved, "(i) That particulars of the report be noted on the minutes;

(ii) That the draft Strategy (as appended to the report) be approved and recommended to Council; and

(iii) That draft Action Plan One (as appended to the report) be approved and recommended to Council, subject to the following amendments:

- Action - Consider and agree how becoming carbon net zero is led politically: delete 'or some other elected member arrangement';
- Action – Comment on Douglas planning applications where carbon neutrality and biodiversity impacts should be included: Success Indicator to read 'evidence that carbon neutrality and biodiversity is considered where applicable' ;
- Action – Investigate the possibility of focussing the pension scheme's investments on entities which perform well in relation to Environmental, Social, and Governance factors: the Success Indicator to align more closely with the Council's Corporate Plan 2022-2026;
- Action – Create a Carbon Net Zero Council area on the Council's website to provide good quality education materials about climate change and the action the Council is taking: the Success Indicator to read 'establishment of links to relevant information portals';
- Action – Consider whether the Council should have Member and / or staff champions: deleted, as the owning department would be Executive Committee / Chief Officers' Management Team;
- Action – consider whether the Council should have a citizen or tenant panel or citizen or tenant champions on climate change in line with the just transition and climate justice principles: action to be deleted from Action Plan One, and reconsidered at next review;
- Action – Investigate the installation of energy efficient lighting in open spaces: amend to read 'continue with the installation of energy efficient lighting in open spaces'."

Executive Committee, 26th February 2021

A5. Douglas Borough Council Carbon Footprint

Resolved, "(i) That particulars of the written report be noted on the minutes;

(ii) That the Isle of Man Government's Climate Change Action Plan, Phase 1 (version 2), as appended to the written report, also be noted;

(iii) That the Carbon Trust's presentation and report, detailing the Council's current Carbon Footprint, be received and accepted;

(iv) That the Council align itself with the Isle of Man Government's

aspirations for net zero greenhouse gases by 2050, but that the Council should aim to be net zero ready by 2035;

(v) That the Committee's views on which areas should be investigated first for greenhouse gas reduction or off-setting initiatives be noted;

(vi) That a further report on suggested initiatives to reduce the Council's Carbon Footprint – that was, in respect of the Council's housing stock and other initiatives for achieving net zero emissions - be submitted to the Committee in due course as part of a draft Net Zero Greenhouse Gas High Level Strategy and Action Plan for the next twenty-five years; and

(vii) That the Director of Finance write to the Climate Change Steering Group (within the Department of Environment, Food and Agriculture) asking the Group to recommend to the Isle of Man Treasury that the Terms of Reference for the Environmental Protection Fund be widened to include local authorities."

Executive Committee, 28th February 2020

A7 Targeted Engagement on the Isle of Man Climate Change Bill 2020

Resolved, (i) "That particulars of the report be noted on the minutes; and

(ii) That the following suggestions be made to the Department of Environment, Food and Agriculture:-

- That the initial costs of meeting any future climate change legislation requirements by local authorities be met by the Government, after which maintenance and running costs be absorbed by the local authorities;
- That in relation to local authorities, the Government should co-ordinate action in order to achieve uniformity of approach, and to set minimum standards;
- That the resale of renewable energy to parties other than the Manx Utilities Authority be permitted, in order to allow, for example, car park operators generating energy to sell to electric vehicle owners, and landlords of apartments to be able to sell to tenants;
- That future climate / environmental legislation should include targets for recycling, through central collection and through kerbside collection;
- That future legislation should include a form of reward for local authorities reducing the waste stream by removing recyclable materials; and
- That education on waste disposal, particularly on recycling, should be brought forward in the Government's Action Plan and given some priority."

Executive Committee minute, 26th July 2019

A14 Climate Change Strategy

	<p>Resolved, “(i) That particulars of the report be noted on the minutes; and</p> <p>(ii) That it be agreed -</p> <p>That the Council should keep a watching brief on the work being undertaken by Professor James Curran and the Climate Emergency Consultative Transformation Team for the Isle of Man Government on its Climate Change Action Plan;</p> <ul style="list-style-type: none"> • That the Council could align itself to the Isle of Man’s Climate Change Action Plan once it was published; • That the Council should consider what other measures it should implement to reduce its own carbon / energy burden, and that a budget of £15,000 be made available from General Revenue Reserves to employ carbon specialists to calculate and produce the Council’s carbon impact in delivering its day-to-day services; • That the Council’s response to the Climate Change Agenda be included within the next Corporate Plan; and • That following the Government’s pledge to plant a tree for every Isle of Man resident, an approach be made to them requesting that 28,000 of the 85,000 trees for the whole Island be made available to the Council for planting in the Borough, to equate with the number of residents in Douglas.”
7	CAPITAL COST AND FUNDING SOURCE
	<p>None arising from the recommendations of this report.</p> <p>Future carbon reduction initiatives will be subject of separate reports seeking funding in the normal manner and alterations to the way the Council delivers its services could have capital implications for the future.</p> <p>In the UK, central Government provides financial assistance to local authorities towards their carbon reduction schemes. The Isle of Man Government has established an Environmental Protection Fund (set up as part of Treasury’s 2020 budget to help the Isle of Man achieve its climate change agenda) to which local authorities do not have access.</p>
8	CHANGES TO REVENUE ESTIMATES AND FUNDING SOURCE
	<p>The cost of an external body to calculate the Council’s carbon footprint in 2024 for 2023/24 is likely be £10,000 or less. It is proposed that this value be built into the 2023/24 Consultancy budget within SP120 Corporate Services. The last calculation, which included gathering of data, cost £7,500. The Council has gained internal experience of gathering the necessary data so this element of the exercise will not need to be outsourced.</p> <p>Alterations to the way the Council delivers it services could have resource implications, both positive and negative, in the future. Seeking professional assistance in determining and achieving actions within the Action Plans will have a cost implication.</p>
9	STAFFING/HUMAN RESOURCES IMPLICATIONS
	<p>Calculations are conducted annually using existing resources. This report recommends an external validation calculation once every five years to test and update any necessary</p>

	<p>assumptions and ensure that no calculation errors have occurred in the intervening years.</p> <p>Currently, the net zero work can be undertaken within existing staff resources. However, future action plans may require specialist input, and changes in the way the Council delivers its services could impact on future staffing need.</p>
10	LEGAL IMPLICATIONS
	<p>The Climate Change Act 2021 places statutory duties on public bodies. The Climate Change (Public Bodies' Reporting Requirements (Amendment) Regulations 2023 outlines the Council's legal duties to report.</p>
11	EQUALITY ACT COMPLIANCE
	<p>Nothing within this report contravenes the Equality Act.</p> <p>The Council's Net Zero Strategy and Action Plan One aims to change the way the Council operates and its services in a way that is equal to all.</p>
12	COMPLIANCE WITH CORPORATE PLAN
	<p>Environmental Improvement</p> <p>4.3 Reduce the Council's carbon footprint and support others to do so</p> <p>4.3.1 Align with the Isle of Man Government's net zero emission by 2050 strategy and aim to be net zero ready by 2035.</p> <p>4.3.3 Implement a Net Zero Emissions Strategy and Action Plan</p>
13	BUSINESS RISK IMPLICATIONS
	<p>The risk of not validating the calculations and updating the assumptions used in calculating the Council's Carbon Footprint is that the results could be skewed and inaccurate.</p> <p>The Council will be at risk of potential sanction by the Isle of Man Government if the duties imposed upon on it are not fulfilled.</p> <p>There is a risk that the cost of services, including those procured, will rise as a result of measures introduced to reduce the Council's Carbon Footprint which may not be fully offset by savings achieved.</p> <p>There is a risk that seeking to incorporate environmental measures in contracts awarded in a constrained market will lead to higher costs and fewer tenders.</p>
14	ENVIRONMENTAL IMPACT
	<p>The Isle of Man Government has pledged that the Isle of Man will be carbon net zero by 2050. As the largest local government authority on the Island, and one of the largest employers in Douglas, Douglas City Council will be expected to contribute toward this goal. The Council's Net Zero Strategy and Action Plan will lead to positive environmental impacts as well as co-benefits for the Council's communities – better health outcomes (less air pollution), potential job creation, fairer communities, resilience within communities and of the Council to adapt to rapid climate change and the extreme weather events that will bring, and potentially creation of greater green space.</p>
15	IMPLICATIONS FOR ECONOMIC DEVELOPMENT (of the Borough or Island)
	<p>Not applicable to this report.</p>

	Actions taken to deliver the Council's services in a more sustainable way, and to protect and enhance the natural environment could result in investment in the Capital.
16	CROSS-DEPARTMENTAL ISSUES
	Net Zero work is being progressed in all departments of the Council and the small Net Zero Officer Working Group has representatives from all departments of the Council.
17	APPENDICES
	1 – 2021/22 carbon footprint and comparator against the baseline year of 2018/19
18	REASON FOR CONFIDENTIALITY
	None.

REPORTING OFFICER	Director of Environment & Regeneration
RESPONSIBLE CHIEF OFFICER	Chief Executive
DATE	3rd April 2023