

ENVIRONMENTAL SCRUTINY COMMITTEE

14 JULY 2015

Present: County Councillor (Chairperson)
County Councillors Aubrey, Clark, Mitchell and Darren Williams

12 : APPOINTMENT OF CHAIRPERSON

RESOLVED – That Councillor Clark be appointed as Chairperson for this meeting.

13 : DECLARATIONS OF INTEREST

No declarations of interest were received.

14 : MINUTES

The minutes of the meetings held on 19 May 2015 and 9 June 2015 were approved by the Committee as a correct record and were signed by the Chairperson, subject to the addition of the words 'over a 2-year period' to the final sentence of the first paragraph on Page 3 to read 'The Committee requested that Members be provided with the date on which the change in categorisation was made and asked for ward by ward figures on waste presentation over a 2-year period.'

15 : MEMBERS UPDATE: COUNCIL ENERGY PROJECTS AND PROPOSALS FOR THE ROUTE TO MARKET

The Committee received a progress report on the Council energy programme and future energy proposals for the City. Members were advised that the energy programme cover four key areas:

- Staff awareness and energy reduction
- Energy efficiency and retrofit
- Installation of decentralised energy generating plant
- Applying for and showcasing innovations in energy technologies

The Cardiff 'Energy Prospectus' was presented to Council in June 2014. A number of the projects listed within that document have been converted into the Council's Energy Portfolio. It was anticipated that by the end of 2015/16 the Council will have enhanced Cardiff's position in terms of energy sustainability by delivering on a number of projects, including:

- 6MW of electricity generation from solar schemes
- Energy efficient retrofit of 1000 homes
- Installation of energy saving measures on the Council's estate
- A reduction in energy costs for school in Cardiff
- Facilitate the development of an energy from waste facility at Trident Park which convert residual waste into 30MW of renewable energy; potentially supporting a City Centre heating scheme
- £2.2m in external funding for six energy related research and innovation projects
- Securing revenue grant income to fund 2.5 FTE posts in the Council's Energy and Sustainability Team

The report also included details of 16 projects, including research and development initiatives, relating to the Council's sustainable development and 'One Planet Cardiff' objectives. Members were advised that Cardiff was the first and only authority in the UK to participate in the UK Government's Small Business Research Initiative, managing innovation competitions and portable renewables technology. Future development potentially include tapping into the City's geothermal sources of heat, seeking funding from EU funding for 'Smart City's' bids testing integration of data sets to optimise the sustainable way the city runs its key infrastructure. The authority is also considering hosting a conference to promote and disseminate the findings of its innovation activities.

The Welsh Government has commissioned Local Partnerships to catalogue the energy pipelines for all local authorities in Wales, mirroring the approach the Cardiff took with the production of its Energy Prospectus. Local Partnerships is a joint owned, not for profit venture between LGA and HM Treasury offering specialist support. The work has indicated that there is enormous potential within Wales. A total of 143 projects were identified, which if all reach the points of energy generation, could provide 14% of the energy needs of the public sector estate.

The Committee was further advised that the Welsh Government was considering establishing an investment vehicle offering borrowing capacity or potentially equity, in energy projects. This approach was launched with the 'Green Growth Wales' initiative and would look to combine direct borrowing with Green Investment Bank loans.

It was proposed that the Council will need to agree the extent to which it invests further capital into energy projects. A generic paper on capital investment criteria for 'invest to save' schemes is currently being prepared which will look at issues such as business case requirements; approval process as part of the budgetary framework; interest rates; repayment mechanisms, acceptable returns of investment and whether there should be a maximum cap to capital exposure in certain categories of investment. The report set out in broad terms the Council energy investment and support options in terms of risk and reward.

Members were advised that there were a range of background issues and opportunities which were becoming clearer which will help guide future options. For example, there are energy purchasing arrangements available known as direct purchasing agreements or 'sleeving' which allow the authority to buy back the energy it produces at better value rates than traditional purchasing. The Council is currently examining these opportunities.

Furthermore, synergy between the Council's energy investment decisions and the Council's asset retention plans was needed. In particular, the complexities around energy investment on the schools estate needed to be understood for the mutual benefit of both delegated school budgets and the Council's bottom line return on its capital investments.

The Committee heard that another major issue for the Council to consider relates to the maximising the potential of renewable energy from the energy from waste plant at Trident Park. Department of Energy and Climate Change (DECC) funding has been secured to explore the potential of delivering a district heating network to supply businesses and properties in the vicinity of the plant with heat that is a by-product of is

combustion process. The Council is working with partners to identify possible investment opportunities and the governance issues which would arise in the delivery of such a scheme. The Council has commissioned legal specialists to report in detail on options for the Council to engage with and promote a district heating scheme.

The current list of potential future renewable energy projects was listed as follows:

- District heating networks from Trident Park and other potential sources of heat in the City Centre
- Additional hydro schemes on the City's rivers
- Large-scale roll out of solar schemes on the Council's estate, especially schools
- Extending the conversion of street lighting to LED technology
- Support of the tidal lagoon proposal
- Maximising sustainability credentials in the new communities arising from the LDP
- Further engagement with innovation funding sources from the European Unions 'Horizon 2020' programme and other opportunities to support emerging technologies

The Committee was advised that there was considerable regional support for the energy dimension which has been included as a key theme in the City Deal bid. It was considered that energy infrastructure projects and the possibilities of aligning energy infrastructure with investment sites created a unique selling point.

The Council's experience had highlighted the complexity of the investment decisions and delivery mechanisms needed. It is therefore proposed that future investment decisions be made against a framework of delivery routes. Self-financed projects will need to meet the 'Invest to Save' framework and deliver the best income and return for the Council. If projects do not meet the Council investment criteria then a range of other mechanisms will need to be explored. To this end, Local Partnerships is currently bidding to the Welsh Government to provide a support package to each local authority in Wales which will provide assistance to affect the accelerated delivery of these types of projects.

The Committee welcomed Councillor Ramesh Patel, Cabinet Member for Transport, Planning and Sustainability; Andrew Gregory, Corporate Director and Gareth Harcombe, Operational Manager - Energy and Sustainability to the meeting.

Councillor Patel stated that energy was an exciting area and the authority needed to set out its vision for delivering energy projects. Utility costs to the Council were currently £10.4 million per annum. Councillor Patel considered that this must be addressed.

Gareth Harcombe was delivered a brief presentation. Members were asked to comment, seek clarification or raise questions on the information received. Those discussions are summarised as follows:

- Members asked to what extent Cardiff was working in partnership with its neighbouring authorities. Officers advised that the Energy for Waste scheme at Trident Park – Prosiect Gwyrdd – was delivered in partnership with other local authorities. The Green Growth Wales project also offered partnership working in terms of the procurement route.

- The Committee sought clarification on what steps had been taken to build upon the Energy Prospectus. Officers stated that a hierarchy, which recognised the financial constraints the authority is working under, was now informing decision-making.
- It was anticipated that by the end of 2015/16 the authority would be generating 6mw of electricity – enough for 3000 homes. The UK Government was targeting 15% of energy generation from renewable sources. Officers were asked to estimate how much renewable energy is being generated in the City at present. Members were advised that a total of 40mw was currently being generated currently. Officers were unable to provide an accurate assessment of the total energy usage for the City and therefore could give a reliable indication of 40 mw as a percentage of total usage.

AGREED: That the Chairperson writes on behalf of the Committee to the Cabinet Member highlighting the issues raised during the Way Forward discussion (see attached).

16 : IMPLICATIONS OF THE WELL-BEING OF FUTURE GENERATIONS (WALES) ACT 2015

The Committee received a report briefing Members on the implications for the Council of the introduction of the Well-being of Future Generations (Wales) Act 2015. The report aimed to provide some context on the obligations of the Council and information future possible avenues for scrutiny on this issue.

Members were advised that the Well-being of Future Generations (Wales) Act 2015 has been created to help improve the social, economic and cultural well-being of Wales. The Act became law in April 2015 and consultation on the statutory guidance will take place during the summer of 2015, prior to the Act coming into force in April 2016.

The Act establishes a Future Generation Commissioner for Wales whose role is to guard the interests of future generations in Wales and support the public bodies listed in the Act to work towards achieving the well-being goals. The Act also establishes Public Service Boards (PSB) for each authority area in Wales. Each PSB must improve the economic, social, environmental and cultural well-being of its area by working to achieve the well-being goals.

The Committee received for information a document titled 'Well-being of Future Generations (Wales) Act – The Essentials'. The document sets out what the Act was designed to do, the well-being goals, the bodies covered by the act, sustainable development principles, the role of PSBs, and the role of the Commissioner.

Members were advised that the Council has participated in the WLGA Early Adopter Programme for the legislation. The authority has focussed its contribution around business planning processes, including:

- The trialling of a self-diagnostic tool on sustainable development integration
- A desktop study of our strategic corporate documentation through a WFG Act lens
- Interviews with relevant members of staff
- Workshop session with Policy Improvement Working Group on how the Act could influence their area of work and how they can turn it to their advantage

The WLGA published a progress paper in May 2015. This considered Cardiff's part in the Early Adopters Programme and provided some positive feedback on the work currently being undertaken by the Council. Members were asked to note that this was not an audit as the details of the legislation are still in development. The focus of this work was to identify opportunities for improvement prior to the legislation coming into force.

Gareth Harcombe was invited to deliver a brief presentation on the Wales Future Generations Act. Members were asked to comment, seek clarification or raise questions on the information received. Those discussions are summarised as follows:

- Members sought clarification as to how the WFG Act would fit in with decision making by regulatory bodies such as the Planning Committee. Members were advised that WFG Act would set out a framework, or process, for decision-making. Discussions were being held with developers regarding the implications of the Act.
- Members asked what practical difference the WFG Act would have on how the Council behaves. Officers stated that guidance was still awaited. The guidance would set out what any penalties might be and, in terms of an evidence base, set goals which will provide an audit trail.
- Officers were unable to confirm whether the Welsh Government would provide additional resources to establish local Public Service Boards.
- Members voiced concerns that that the WFG was creating bureaucracy and there was little evidence of hard indicators which were quantifiable and deliverable. Members were reluctant to commit resources to something they considered poorly defined and unqualifiable.
- Some Members felt that the authority was already meeting many WFG Act requirements. The Cabinet Member stated that the authority would not have a duty to meet those requirements under the law, as would other authorities who may not be addressing these issues currently.
- Members asked for some practical examples of the expectation to be made of developers under the WFG Act. The Committee was advised that WFG Act aimed to create sustainable communities so therefore developers would be expected to consider issues such as green open spaces, cycling infrastructure, LED lighting and surface water diverts, to meet the long-term needs of the community.

AGREED: That the Chairperson writes on behalf of the Committee to the Cabinet Member highlighting the issues raised during the Way Forward discussion (see attached).

The Principal Scrutiny Officer advised that the Committee had been due to meet on 1 July 2015 to discuss the work programme. This meeting did not take place due to Members' availability. Members discussed how to best develop a work programme.

The Committee considered that a work programme should be developed with a view to it being approved at the next meeting of the Committee on 15 September 2015. Members agreed to hold an informal meeting on the work programme in late August or early September. Members considered that it was essential that a work programme be agreed prior to the visit of WAO in October.

AGREED – That the Principal Scrutiny Officer arrange an informal meeting of the Committee in late August/early September.

18 : DATE OF NEXT MEETING

Members were advised that the next Environment Scrutiny Committee will take place at 4.30pm on 15 September 2015.

The meeting terminated at 6.00 pm