

Report to: West Yorkshire and York Investment Committee

Date: 4 March 2021

Subject: **Carbon Impact Assessment**

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Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	

1. Purpose of this report

- 1.1 This paper provides an update on the work commissioned by the Combined Authority to develop a carbon impact assessment tool and incorporate this into the Assurance Framework. This work will ensure that the impact of proposals on the Climate Emergency are more explicitly taken account in decision making.

2. Information

Background

- 2.1 Given the scientific consensus that human influence is overwhelmingly responsible for changes in the global climate, addressing the climate emergency is a key priority for the Combined Authority and the West Yorkshire councils.
- 2.2 The Combined Authority declared a climate emergency and strengthened the City Region's carbon emission reduction target in July 2019. The strengthened target commits the region to achieve net-zero carbon by 2038, with significant

progress by 2030. The task is challenging and will require significant and swift action to decarbonise all sectors.

- 2.3 A paper to the West Yorkshire and York Investment Committee (1 September 2020) outlined the proposals for strengthening decision making to reflect the Climate Emergency. A previous paper to the West Yorkshire Combined Authority (10 December 2020) outlined the recent progress on the carbon impact assessment project, which came out of the need to ensure that clean growth and climate change impacts are considered for all schemes progressing through the Assurance Framework.

The carbon impact assessment project

- 2.4 A methodology and supporting toolkit for assessing carbon emissions and clean growth impacts of new schemes is being developed, and the Combined Authority has appointed Mott Macdonald to carry out this work. A technical steering group, including officers from all West Yorkshire councils and York, has been established to develop the work and oversee the commission.

- 2.5 The work is underway and has five phases:

- Phase 1 Review of national and local examples of best practice in carbon assessment (September and October 2020)
- Phase 2 Development of the carbon impact assessment toolkit (October 2020 to March 2021 with initial proposals available in December 2020)
- Phase 3 Applying the toolkit to existing capital schemes currently going through the Assurance Framework (February to April 2021)
- Phase 4 Carry out an in-depth assessment and recommend carbon mitigation measures for a shortlist of schemes in development (March to May 2021)
- Phase 5 Carry out carbon literacy training to embed the toolkit in the Assurance Framework (February to August 2021)

- 2.6 This paper outlines recent progress on the project. Phase 1 has now been completed and the results were reported to the Combined Authority in December 2020.

- 2.7 The Consultants have now developed more detailed proposals for the methodology that should be used at each stage of the assurance process (Phase 2). These include technical notes and firm guidance on:

- Strategic Assessment (Activity 1) - a check on the alignment of the proposal with Carbon Emission Reduction Pathways
- The development of the Strategic Outline Business Case (Activity 2) - a qualitative screening process which assesses the wider sustainability/environmental impacts.

- Additions to the Outline Business Case (Activity 3) and Full Business Case (Activity 4) - a quantitative assessment of the carbon impact of proposals, this includes:
 - The carbon included in the construction of any infrastructure (embodied carbon)
 - The impact of the normal operation of the proposal (without any behavioural response to the intervention)
 - The impact of any behavioural response to the intervention

2.8 The methodology will be refined as it is used to assess the existing projects in the assurance process (in Phase 3). Particular challenges include:

- How to present the carbon impact assessment so that it is prominent within the business case and that it includes as much context as possible to assist decision makers. The carbon impact assessment methodology will not be able to suggest definitively whether a scheme should proceed or not but it will provide an important piece of evidence (the carbon impact) which can be taken into account by decision makers.
- Careful consideration of the counterfactual (what would have happened without the intervention). This is important to ensure that the intervention is assessed compared to a realistic assessment of what would have happened in the absence of the CA investment.
- Robust methodologies for assessing the behavioural response to interventions so that this important source of carbon impact can be properly assessed.
- The background assumptions to be used in the assessment of carbon impact, for instance traffic and fleet composition forecasts. For the assessments of existing projects these will have to match those made in the existing economic assessments. For future assessments, the consultants have recommended the use of assumptions which are consistent with the Carbon Emissions Reduction Pathways work and this will require an extra sensitivity test to be carried out in the economic assessment.

2.9 At the same time as the methodology was being developed, CA officers have been briefing officers in partner councils about the proposals, as well as presenting to meetings of the Directors of Development and Chief Highway Officers. Some briefings of elected members have also been held.

2.10 An important aspect of the project is making sure carbon impact assessment is incorporated into the assurance process so that it is considered in future decision making. Liaison is taking place between the consultants developing the methodology, the CA team overseeing the commission and the officers taking forward the revisions to guidance and templates through which the assurance process is implemented. The timescale for including carbon impact assessment in the assurance process will be determined by when the

guidelines and templates which include carbon impact assessment are completed and adopted.

Next Steps

- 2.11 Work on Phase 3 of the project (the assessments of existing schemes) is now underway. A list of projects which are in scope for assessment has been supplied to the consultants. These include all the transport schemes progressing through the assurance process (and not already into delivery) as well as a selection of non-transport schemes. As mentioned above, the methodology used is likely to develop as it is used to assess these existing schemes. The selection of non-transport schemes was therefore made so as to include as wide a selection of different types of scheme as possible.
- 2.12 Phase 4 (in depth assessment and recommendation of carbon mitigation measures) will provide scheme promoters with information about the carbon impacts and inform next steps. The outcomes of the assessments of existing schemes, including potential mitigation for shortlisted schemes, will be discussed with partners to consider recommendations to be reported to the Combined Authority in June 2021.

3. Clean Growth Implications

- 3.1 The proposed carbon impact assessment tool will assist decision makers in taking the carbon impact of proposals into account and is considered an important tool in understanding how our investment can support the ambition to becoming a net zero carbon economy by 2038.

4. Inclusive Growth Implications

- 4.1 Although the carbon emissions impact of investment is a key focus for the methodology under development through this work, the proposed toolkit includes a qualitative screening process at Strategic Outline Case (Activity 2) which supports the assessment of schemes' contribution to wider environmental, sustainability and social impacts.

5. Financial Implications

- 5.1 There are no financial implications directly arising from this report.

6. Legal Implications

- 6.1 There are no legal implications directly arising from this report.

7. Staffing Implications

- 7.1 There are no staffing implications directly arising from this report.

8. External Consultees

- 8.1 A steering group, including officers from all West Yorkshire councils and York has been established to develop this work and oversee the commission. A representative from the LEP's Green Economy Panel also sits on the steering group, acting as a "critical friend".

9. Recommendations

- 9.1 That the Investment Committee notes the contents of this report.

10. Background Documents

- 10.1 None

11. Appendices

- 11.1 None