

ENVIRONMENT POLICY DEVELOPMENT GROUP

11 JANUARY 2022

REPORT – BUDGET OPTIONS FOR CLIMATE AND SUSTAINABILITY INVESTMENT

Cabinet Member(s): Cllr C R Slade - Cabinet Member for the Environment and Climate Change.

Responsible Officer(s): Andrew Busby - Corporate Manager Property, Leisure & Climate Change.
Jason Ball, Climate and Sustainability Specialist.

Reason for Report: Cllr Josh Wright, as Chairperson of the Environment Policy Development Group, requested a briefing about selected budget item proposals that might be prioritised, to help move ahead with the Council's Climate Action Plan (CAP).

Recommendation: The Environment PDG recommends to Cabinet, the potential additional budget requirements linked to some or all of the climate investment opportunities within this report.

Financial Implications: The financial implications associated with this report are the overall costs of the Climate and Sustainability Programme. The items considered in this report may impact on budgets specifically linked to the Council's Corporate Plan, Climate Strategy and Climate Action Plan.

Budget and Policy Framework: Budgets specifically linked to the Council's Corporate Plan, Climate Strategy and Climate Action Plan.

Legal Implications: Full Council declared a Climate Emergency in June 2019 and as part of that commitment, the Council is to produce a carbon footprint in line with Environmental Reporting Guidelines published by HM Government. With regard to the Climate Emergency, the Environment Policy Development Group (PDG) is the initial owner of this policy activity and considers how best to determine the Council's own policy response(s) such as may then be subsequently recommended to Cabinet and Council. [Link to declaration decision](#).

Risk Assessment: Progress on Performance Indicators (PI) is provided separately on the regular Performance and Risk Reports. There are 2 main risks (to the Council): 1) that the Council does not take sufficient actions to enable it to meet its Climate Emergency declaration ambitions; and 2) that the financial implications of Climate Change are not adequately measured and reflected in the Council's decision making.

Equality Impact Assessment: There are no equality impact assessment implications associated with this report. Any actions taken will be subject to individual assessment.

Relationship to Corporate Plan: Please refer to **Annex A** of the main Climate Change update report, for Corporate Plan Aims (Table 1) and Climate Strategy priorities (Table 2). Link to [Appendix A](#).

Impact on Climate Change: The role of the Climate and Sustainability Specialist in support of the corporate officer team is central to the Council's Climate and Sustainability Programme by actions such as the development of strategic positions and delivery of projects through internal, community and partnership work.

1.0 Introduction / Background

- 1.1. Cllr Josh Wright, as Chairperson of the Environment Policy Development Group, and further to the last Net Zero Advisory Group (NZAG) meeting 07 December 2021, requested a briefing about selected budget item proposals that might be prioritised, to help move ahead with the Council's Climate Action Plan (CAP).
- 1.2. This paper presents outline proposals / potential actions to address climate change and sustainability. These are divided as follows: Table 1 - Actions. Table 2 - Preparation Work.
- 1.3. Numerous proposals arise as part of the ongoing Climate Action Plan development process, whereby officers devise and identify ways to reduce the Council's carbon footprint and support the wider Climate and Sustainability Programme. Officers estimate and research the potential costs and carbon savings for each activity or project in the CAP to enable subsequent prioritisation, fundraising and implementation.
- 1.4. Certain types of budget proposal were excluded:
 - 1.4.1. Proposals already subject to a Cabinet or Full Council decision.
 - 1.4.2. Actions expected to happen anyway, e.g. actions that managers / budget holders already plan to implement.
 - 1.4.3. Projects for the Housing Revenue Account (HRA) which already has an established funding mechanism.

2.0 Context and guidance notes

- 2.1. Notes herein are intended as guidance only, and do not constitute technical or legal advice.
- 2.2. Capital versus Revenue.
 - 2.2.1. If the costs (consultancy or officer time) are directly attributable to a Capital project they can be capitalised as long as the project goes ahead. If the project is ceased, those costs incurred will be charged back to Revenue. Those costs would need to be demonstrably attributable to specific projects.
- 2.3. Keynotes
 - All figures are estimates.
 - All items are listed on the Climate Action Plan.
 - Capital items on the Medium Term Financial Plan (MTFP) are noted.
- 2.4. Abbreviations
 - A tonne of carbon dioxide equivalent = tCO₂e.

- Climate Change impact (CC impact) is noted as tCO₂e saved annually.

2.5. Red / Amber / Green colour codes

- Red [] = Problematic but worth considering for future. Less cost-effective.
- Amber [] = Potentially cost-effective. Reliant on e.g. partnerships, additional support or external funds.
- Green [] = Recommended, affordable and can be done soon.
- also: Grey [] = Estimates unavailable.

2.6. Format

2.6.1. Each item has estimates of cost, the climate change impact (how much it reduces our Carbon Footprint annually, measured in tonnes of Carbon Dioxide equivalent, noted as tCO₂e annual), and the cost-effectiveness (the relative cost to achieve that impact, noted as £/tCO₂e annual).

2.6.2. *An example:* Half the electricity supply to Council facilities is now renewable power. During 2022, the Corporate Manager for Property, Leisure and Climate Change will procure 100% renewable power for the second half.

- The impact to our Carbon Footprint will be around 256 tCO₂e per year.
- The estimated additional cost is £10k per year.
- Relative estimated cost (£/tCO₂e annual) is very low, at £374 per tonne.

2.7. How are opportunities identified?

2.7.1. Opportunities identify the potential for corporate or community benefit.

2.7.2. Corporate opportunities:

- take us towards our Net Zero 2030 goal
- present ways to invest in cutting our Carbon Footprint
- present ways to invest in corporate capacity and skills
- align with our Climate Strategy
- align with Council priorities e.g. waste reduction, biodiversity gain

2.7.3. Community opportunities:

- present benefit or interest for communities
- present co-benefits in other areas e.g. Community, Homes, Economy
- align with our Climate Strategy
- align with Council priorities e.g. waste reduction, biodiversity gain

2.8. Capacity to achieve priority actions

- 2.8.1. The Council continuously identifies and applies for additional external funding to enable investments. Failure to attract sufficient funding could result in withdrawal of the proposal.
- 2.8.2. None of the measures herein relate to the Council's [Strategic Grants](#).
- 2.8.3. Currently we have major funding bids of approximately £2m for HRA, plus £3m for the Exe Valley and Lords Meadow leisure centres to decarbonise heating etc. This is in addition to the £310k already received from Salix as awarded under the Public Sector Decarbonisation Scheme.
- 2.8.4. Within the existing Climate Change PS950 cost centre, for 2022-2023 there is £74k allocated (indicative).
- 2.8.5. Proposed budgetary provision in order to meet the Council's Carbon Pledge by 2030 is outlined within the *Budget Options to address Carbon Zero Target* (a work in progress, covering 2022/2023 to 2026/2027) there is a £50k annual uplift in Revenue Budget Options and £89,045,000 in Capital Programme Options (around £15m to £20m per year) including HRA and IT investment.
- 2.8.6. Finance will take a paper to all PDG committees in January (based on the report to [04 January 2022 Cabinet](#)) to update on the budget position and prompt a discussion on identifying further budget savings options to be recommended to Cabinet.

2.9. Typical constraints or considerations

2.9.1. Whether an action can go ahead depends on a number of factors. When work is already budgeted for, in current and future budget cycles, it is usually straightforward to carry out. Less straightforward situations affect implementation:

- When there is no allocated budget, officers must seek additional internal or external funding.
- Officers might need Committees to endorse project / activity decisions.
- External funding sources available to support sustainability challenges are often highly constrained, centralised and competitive. Therefore not always predictably accessible.
- We might not always have the ability or capacity to achieve certain proposals e.g. they might require transformational change, technological solutions, training, external partners / expertise, or new policy to enable a project or new procedure to go live.

2.10. Ways to decide priorities and recommendations

2.10.1. Should we focus on cost, or on carbon reduction?

- The size of the annual carbon reduction (tonnes of CO₂ equivalent) and relative costs (cost per tonne) are key to *prioritising opportunities* by their impact and cost-effectiveness.

2.10.2. How will this discussion help? What happens next?

- Net Zero Advisory Group views will be noted for the purpose of further discussions by The Environment Policy Development Group.

- The Environment Policy Development Group will make recommendations as a way to steer the Council's priorities.
- Once the Council or Cabinet has selected an opportunity as a priority action, the current budget limits will dictate whether expenditure can be implemented.
- External expertise may be valuable to enable detailed assessment or design.
- Cabinet or Council could delegate to officers and Portfolio Holders to make a specific, detailed decision on how to achieve a particular project.
- Procurement decisions are consistently led by best value.

3.0 Challenges

- 3.1. Challenges to achieving climate action plans highlight the need for a creative, broad and bold approach. The Climate Change Committee (CCC) advising the UK Government has noted that strategies such as the Net Zero Strategy are well aligned with national targets, but gaps and uncertainties remain e.g. the funding frameworks necessary to realise them.¹

4.0 Caveats

- 4.1. Savings and Costs are all based on estimates.
- 4.2. All opportunities discussed above are subject to acceptable Business Case / Financial Appraisal.
- 4.3. Being listed on the Climate Action Plan *does not mean* an action has approval.
- 4.4. Being listed on the Climate Action Plan *does not mean* an action has budget allocated. (Officers must note on the Climate Action Plan whether additional funding is required.)

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Circulation of the Report: Cabinet Member for the Environment and Climate Change, Leadership Team.

List of Background Papers:

Please refer to Appendix A for the latest climate change and sustainability report.

¹ www.theccc.org.uk/2021/10/26/governments-net-zero-strategy-is-a-major-step-forward-ccc-says/

Table 1 - Actions

	Description (Actions are split by work stream.)	Costs & Subtotal (up to 2030)	On the Capital MTFP?
	Housing, Energy and Assets		
A1 amber	2022-2024. MDDC commercial rental property, 3 steps: insulate flat roof when replaced £60k; solar PV £80k; energy ratings review / action plan £100k. CC impact: 100 tCO ₂ e per year. Cost of impact (£/tCO ₂ e annual): £2,400.	Capital. Subtotal: £240k. Revenue/Resource: in-house projects officer.	No.
A2 green	2022-2025. Allocate a budget for planting and aftercare of new trees on the MDDC estate. CC impact. Negligible. (Challenge: explore the potential to bank our carbon capture via trees etc.)	£5k for 4 years. Subtotal: £20k. Revenue/Resource: in-house Open Spaces Officer.	No
A3 amber	2022-2030. MDDC estate. Nature recovery and biodiversity engagement project. (See A6, A7, A8.) CC impact. Negligible.	£3k x 8 years. Subtotal: £24k. Revenue/Resource: in-house specialist and support officer.	No
	Transport		
A4 amber	2022-2030. Allocate budget to invest in adopting Electric Vehicles (EV) or other green transport solutions onto the Council fleet. a. Revenue. £8k-£10k/year depending on deals. b. Capital. Purchase fast chargers. CC impact = 2.5 tCO ₂ e annual per small van (at 8k mileage) if charged on renewable electricity. Cost of impact (£/tCO ₂ e annual): £3,400 for the first wave of small van replacements. This provides an indicative value baseline for future comparison. Possible alternative: order diesel replacements and invest the budget in woodland carbon offsets?	Subtotal: £80k. Costs to be advised with each round of replacements, and considered by Operations Managers on a case-by-case basis. Revenue/Resource: in-house transport officers; hire and maintenance fees.	No
A5 green	2025. Upgrade vehicle live monitoring system. Benefits include fault alerts, data on driver efficiency, costings etc. Ideal for data we need to assess and plan transition to electric vehicles. CC impact: 5 tCO ₂ e annual. Cost of impact (£/tCO ₂ e annual): £23,195.	£14k-16k annually. Subtotal: £115k. (Payback expected via fleet savings.) Revenue/Resource: subscription; in-house transport officers.	No
	Community and Wider Context		
A6 amber	2022-2027. Climate and Sustainability Grants. Require applicants to match-fund / add value. CC impact. Depends on projects.	Up to £20k/year. 5 year trial. Subtotal: £100k.	No

	Description (Actions are split by work stream.)	Costs & Subtotal (up to 2030)	On the Capital MTFP?
		Revenue/Resource: in-house specialist and support officer.	
A7 amber	2022-2030. Parish Wildlife Wardens project support. Partnership approach with parishes who agree to raise match funds? MDDC seed fund? CC impact. Negligible. Biodiversity focus.	£5k annually. 8 years to 2030. Subtotal: £40k. Revenue/Resource: in-house admin.	No
A8 amber	2022-2024. Community engagement project to generate and record data on behavioural change. Either subscribe to app / online reward points scheme; or a supported engagement scheme via mailing list with surveys, PR and online events. CC impact: potentially 3,000-6,000 tCO ₂ e annual? Community climate impacts only. Measurable. Cost of impact (£/tCO ₂ e annual): Under £10? TBC based on data.	Subtotal: £22k - £30k for a 3-year engagement scheme. Revenue/Resource: in-house support by communications team and specialist.	No

Table 2 - Preparation Work

	Description (Actions are split by work stream.)	Costs & Subtotal (up to 2030)	On the Capital MTFP?
	Housing, Energy and Assets		
Pr1 amber	2022-2023. Cost assessment of best options for fabric improvements at Phoenix House & all leisure centres. CC impact: project preparation only. Potential CC impact in tCO ₂ e per year: Exe 44; Lords Meadow 12; Culm 15; Phoenix 5.	Subtotal: £33k Revenue/Resource: external.	£900k for works on Capital MTFP.
Pr2 amber	2022-2023. Feasibility assessment: Ground Source Heat Pump, Lords Meadow Leisure Centre. CC impact: project preparation only.	Subtotal: £20k Revenue/Resource: external.	Yes
Pr3 amber	2022-2023. Hydro Electric Power. Evidence & feasibility. (Feasibility detail required before Capital commitment.) CC impact: project preparation only.	Subtotal: £70k. Revenue/Resource: external consultants; in-house specialist and support officer.	£1.2m on Capital MTFP
Pr4 amber	2022-2023. Engage consultancy support to develop our decision-making framework. CC impact: project preparation only. Wider benefits / influence.	Subtotal: £6k. Seek funding. Revenue/Resource: external plus in-house officers.	No
Pr5 green	2024. An independent assessment of energy performance on MDDC new-builds (existing Zed-Pods vs proposed units). Understand how close we are to 2025 target, identify any issues. Costs? Extra costs linked to Net Zero designs can be balanced by construction savings, avoiding retrofit, health benefits, socio-economic benefits, local spend, etc. CC impact = project preparation only. Potential depends on new home designs. MDDC Housing Strategy for Mid Devon 2021-2025 states: “100% of all new build Council homes to be net zero by 2025 and meet a defined comfort and energy use standard”.	Subtotal: £8k. Seek funding. Revenue/Resource: external consultancy; in-house operations manager and officers.	No
	Internal Structures and Processes		
Pr6 amber	2022-2025. Biodiversity and Carbon Capture. Landscape enhancements to offset MDDC carbon footprint (Climate Act 2008) and safeguard Biodiversity Net Gain (Environment Act 2021). Develop a commercial venture or partnership to create, manage and monitor sites.	Subtotal: £70k. Potential bid to e.g. Natural Environment Investment Readiness Fund.	No

	Description (Actions are split by work stream.)	Costs & Subtotal (up to 2030)	On the Capital MTFP?
	Study: Examine investment potential in land use changes for nature recovery and carbon capture. Devise business model. Compare with off-the-shelf offsetting e.g. wildlife charity or Woodland Carbon Code. CC impact: project preparation only.	Revenue/Resource: external consultancies; in-house specialist and support officer.	
	Community and Wider Context		
	Food, Farming and Natural Capital		
Pr7 amber	<p>2022-2025. Explore options for Net Zero and Natural Capital partnerships. CC impact: project preparation only.</p> <p><i>Example 1:</i> Partner with other districts and a local sustainable farming / land co-operative to achieve large scale habitat restoration. Funding model to benefit partners and achieve climate adaptation, carbon banking, biodiversity banking.</p> <p><i>Example 2:</i> Devon County Council & MDDC cooperate at Tiverton future school complex. Outline feasibility assessments and infrastructure designs: district heating network; rain water capture, flood alleviation pools with wild swimming, reedbed waste water treatment; sustainable food; country park, access links for active travel and tourism, etc.</p>	<p>Subtotal: £35k.</p> <p>Apply for additional funding.</p>	No
Pr8 green	<p>Now. MDDC contribution to a Devon Local Nature Partnership priority project e.g. to develop habitat link modelling for Devon's Nature Recovery Network (NRN). CC impact: project preparation only. Biodiversity focus.</p> <p>2022-2023. Train key staff to prepare for the statutory obligations such as a Nature Recovery Strategy for Mid Devon. (Environment Act 2021) CC impact: project preparation only. Biodiversity focus.</p>	<p>Subtotal: £6k.</p> <p>£5k.</p> <p>Up to £1k. Revenue/Resource: external plus in-house teamwork with specialist and key officers.</p>	No