

REPORT – CLIMATE AND SUSTAINABILITY UPDATE – ANNEX B.

OPTIONS FOR CLIMATE AND SUSTAINABILITY INVESTMENT

1.0 Introduction / Background

- 1.1. The Net Zero Advisory Group (NZAG) requested an update to the January 2022 Environment PDG briefing paper on 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 during 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 savings (carbon and financial) for each activity or project to enable subsequent prioritisation, fundraising and implementation.
- 1.4. Certain types of budget proposal were excluded:
 - 1.4.1. Proposals or projects already subject to a Cabinet or Full Council decision.
 - 1.4.2. Actions expected to happen anyway, e.g. those which 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 (£) and annual climate change impact i.e. greenhouse gas emissions saved annually, measured in tonnes of Carbon Dioxide equivalent (*tCO₂e annual*) also cost-effectiveness (the relative cost to achieve that impact (*£/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 corporate Carbon Footprint is around 256 tCO₂e per year (tCO₂e annual).
- The estimated additional cost is £10k per year.
- Estimated cost-effectiveness is good at £374 per tonne (£/tCO₂e annual).

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 corporate Carbon Footprint
- present ways to invest in corporate capacity and skills
- align with our Climate Strategy and other sustainability priorities e.g. waste reduction, biodiversity gain.

2.7.3. Community opportunities:

- present benefit or interest for communities
- present ways to invest in cutting the community Carbon Footprint
- present co-benefits in other areas e.g. Community, Homes, Economy
- align with our Climate Strategy and other sustainability 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 begun major projects to decarbonise heating etc. at the Exe Valley and Lords Meadow leisure centres funded under the Public Sector Decarbonisation Scheme (PSDS) to the value of £2.8million. Additional to £310k already received. Another bid for Culm Valley Sports Centre has been submitted for £350k (PSDS round 3b).
- 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 was outlined within the previous Finance report *Budget Options to address Carbon Zero Target* (a work in progress, covering 2022/2023 to 2026/2027) showing 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. The Finance team will provide all PDGs a separate report to update Members 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 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 annual saving in tonnes of CO₂ equivalent (tCO₂e annual) and relative costs per tonne saved (£/tCO₂e annual) are key to *prioritising opportunities* by their impact and cost-effectiveness.

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

- The Environment Policy Development Group can make recommendations to Cabinet as a way to steer the Council's priorities. Net Zero Advisory Group views will be noted for the purpose of PDG discussions.

- Once the Council or Cabinet selects an opportunity as a priority, current budget / funding will dictate whether expenditure can be implemented.
- Cabinet could delegate specific, detailed decisions to officers and Portfolio Holders regarding how to achieve / implement priority actions.
- External expertise may be valuable in detailed assessment or design.
- 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. Strategy delivery will rely on funding frameworks.

3.1.1. The Climate Change Committee (CCC) advising UK Government noted that the UK Net Zero Strategy was well aligned with targets, but gaps and uncertainties remained e.g. the funding frameworks necessary to realise them.¹

3.1.2. The [High Court](#) in July 2022 found the UK Net Zero Strategy to be in breach of the 2008 Climate Act.²

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

List of Background Papers: The previous climate change and sustainability report was provided to the [Environment Policy Development Group](#) on [13 September 2022](#). Link to [Report](#). Link to [Appendix A](#).

Table 1 - Actions

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

² www.judiciary.uk/wp-content/uploads/2022/07/FoE-v-BEIS-judgment-180722.pdf

	Description (Actions are split by work stream.)	Costs & Subtotal (up to 2030)	On the Capital MTFP?
	Housing, Energy and Assets		
A1-a green	2023-2026. MDDC Phoenix House energy efficiency: Building Management System (BMS). Convert to web-based system controls for heat, ventilation etc. (£50k identified in maintenance programme reduces net budget need to £105k.) CC impact: 37.6 tCO₂e per year. Cost of impact: £3,060. £/tCO ₂ e annual. Annual costs saved: energy reduction ~34.8% against ~£32k on expected 2023/24 prices.	Subtotal: £155k. Capital. Resource: MDDC operations manager, project manager.	No
A1-b green	2023-2024. MDDC Phoenix House: automated LED light units. CC impact: 22.43 tCO₂e per year. Cost of impact: £3,790. £/tCO ₂ e annual. Assumes electricity supply is not 100% renewable. Annual costs saved: £14,678 (6yr payback if £0.35p/unit, any price rises improve payback). Plus reduced maintenance costs ~£4k per year.	Subtotal: £85k. Capital. Resource: MDDC operations mgr, project mgr.	No
A2 green	2023-2028. Allocate a budget for tree / habitat planting and aftercare on MDDC estate. CC impact. Negligible. Wider benefits such as community engagement and climate resilience.	£5k for 5 years. Subtotal: £25k. Revenue. Resource: MDDC Open Spaces Officer.	No
A3 green	2024-2025. MDDC commercial rental property. Fabric upgrades and renewables: insulate flat roof when replaced £60k; solar PV £80k; energy ratings review and action plan £100k. CC impact: 100 tCO₂e per year. Cost of impact: £2,400 £/tCO ₂ e annual.	Subtotal: £240k. Capital. Resource: MDDC operations mgr, project mgr.	No.
	Transport		
A4 amber	Ongoing to 2030. Council fleet. Allocate budget to adopt Electric Vehicles other green solutions. <i>a.</i> Revenue. £10k/year depends on supplier deals. <i>b.</i> Capital. Purchase suitable chargers. CC impact = 2.5 tCO₂e annual per small van (at 8k mileage) if charged on renewable electricity. Cost of impact: £3,400 (£/tCO ₂ e annual): for the first wave of small van replacements. An indicative baseline for future comparison.	Subtotal: £70k. Costs 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

	Description (Actions are split by work stream.)	Costs & Subtotal (up to 2030)	On the Capital MTFP?
	Community and Wider Context		
A5 green	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. Resource: MDDC officers and specialist.	No
A6 grey	EV Car Share. Being considered by Env PDG. Green travel hubs with EV chargepoints, offering green travel options such as bikes, ebikes, mobility scooters, EV hire cars. Utilise Section 106 funds to assist; other funding sources e.g. central government funding for green travel; health funding; economic development.	Environment PDG suggested a research phase.	No
A7 grey	2023-2030. Develop MDDC strategic partnership work and projects around Country Parks, Nature Recovery Networks, ecosystem services and engagement to promote climate change adaptation / resilience. CC impact. Needs to be assessed. Preparation project: explore the strategic benefits, costs and potential to bank carbon and biodiversity credits.	£2k x 7 years. Subtotal: £14k. Revenue. Resource: Partnership work with stakeholders. MDDC teams inc Fwd Planning.	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 green	2022-2023. Assess and cost best options for fabric improvements (e.g. insulation) at Phoenix House & all leisure centres. Save costs as a coordinated upgrade project to include e.g. fire safety compliance and energy efficiency. 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 funding if possible; but internal budget already exists.	£900k for works on Capital MTFP.
Pr2 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
Pr3 green	2025. An independent assessment of energy performance on MDDC new-builds, in relation to 2025 target, identify any issues. 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		
Pr4 amber	2022-2023. Engage consultancy support to develop our decision-making framework. CC impact: project preparation only. Wider benefits / influence.	Subtotal: £6k. Revenue/Resource: external plus in-house officers.	No
	Community and Wider Context		
Pr5 amber	2023-2025. Scope the potential for a commercial venture or partnership to create, manage and monitor sites. Examine investment potential in land use changes etc. Biodiversity and Carbon Capture. Landscape enhancements to offset MDDC carbon footprint (Climate Act 2008), promote Nature Recovery and safeguard Biodiversity Net Gain (Environment Act 2021). Compare with off-the-shelf offsetting e.g. wildlife charity or Woodland Carbon Code. CC impact: project preparation only.	Subtotal: £70k. Potential bid to e.g. Natural Environment Investment Readiness Fund. Revenue/Resource: consultancies; in-house specialist and support officer.	No