

## **LOW CARBON FUND**

**Submitted by:** Joanne Basnett

**Portfolio:** Environment and Recycling

**Ward(s) affected:** All

### **Purpose of the Report**

To seek endorsement to utilise the Improvement and Efficiency West Midlands (IEWM) Low Carbon Fund funding to support capital projects to deliver carbon savings.

### **Recommendations**

(a) To note the contents of the report.

(b) To note the decision of the Portfolio Holder for Environment and Recycling that the £35,000 funding is claimed from the Improvement and Efficiency West Midlands to deliver energy efficiency improvements in the premises referred to in the report.

(c) To authorise officers to update the Carbon Management Plan, in consultation with the Portfolio Holder, to reflect the planned delivery of the Low Carbon Funded projects in 2012.

### **Reasons**

The Council's Carbon Management Plan which was adopted in 2011 outlines the approach to reducing carbon emissions and sets out in an action plan what projects will be undertaken. This report outlines the successful bid to the IEWM for £35,000 Low Carbon Fund, which will be used to enable the Council to complete several projects in the Carbon Management Plan Delivery Plan earlier than planned.

Due to the funding needing to be claimed within a limited time period and the requirement to complete the works shortly after the end of this financial year, delegated approval has been sought from the Portfolio Holder for Environment and Recycling to commission the contractors. This report alerts members to that decision and recognises the need to proceed with the works in order to meet the funding body's timetable for delivery.

## 1. **Background**

- 1.1 The Council has a Carbon Management Programme to deliver a reduction in carbon emissions from operations and estate by 30% from a baseline established in 2009/10.
- 1.2 A Carbon Board was formed to provide strategic direction and provide a link between the programme, the Executive Management Team and Cabinet. A key role of the Board is to report overall progress and seek executive approval for continuing delivery of the plan. Whilst the Board leads on delivery of the plan it is appropriate that Cabinet makes any formal decision to proceed with projects, notwithstanding the use of external funding.
- 1.3 The Carbon Management Plan (CMP) outlines the Council's plans to deliver a wide range of projects to save carbon, these ranged from behavioural changes to capital improvements. The programme included a list of definitive funded projects for completion in 2010 and 2011 and a further list of projects for later years which were clearly identified as not funded. The majority of schemes that did not have any funding allocated to them were timetabled to be

delivered in later years (2012 – 2014). In view of the significant front-loading of project delivery within the approved CMP and the limited availability of Council capital funding for 2012/13 (as known at the time of writing) it was understood that further project delivery would have to be reliant upon potential external funding; the Carbon Trust was cognisant of this when approving our Plan.

## 2. **Issues**

- 2.1 Last year the Improvement and Efficiency West Midlands partnership (IEWM) ran a bidding round for local authorities to engage with the efficiency programme. Officers made a bid for funding utilising the Carbon Management Plan as the evidence base.
- 2.2 On 24 October 2011 the Council received confirmation from IEWM that they would award £35,000 to support five key carbon savings projects requiring capital investment.
- 2.3 This funding is awarded on submission of satisfactory returns, evidence of financial expenditure and confirmation of compliance of funding conditions. The key issue here is that in agreeing to accept the grant funding the Council has to agree to pay 10% of the subsequently generated annual revenue savings back to IEWM for 3 years following the first year of implementation.
- 2.4 The IEWM chosen projects were:

	Indicative Cost £'s	Notional annual Savings £'s
AMR's	12,000	29,490
Bathpool wall insulation	500	743
Merrial Street Public Toilet hot water replacement	7,000	2,660
Birchenwood insulation	4,500	1,679
Museum low energy lighting	8,500	2,886
Total (rounded)	35,000	36,000

- 2.5 It is important to note that the indicative costs of the above projects were based upon estimates rather than detailed quotations so since IEWM's grant offer officers have carried out a more detailed review (taking account of practical issues and by seeking formal quotations) for undertaking work on the IEWM five chosen projects. This review has identified several issues and, subject to Cabinet approval, officers will finalise negotiations with IEWM to undertake a wider range of projects.
- 2.6 The chosen projects are:

	Actual Cost	Original Estimate	Potential Annual Savings
AMRs	£8,650	£12,000	£20,000
Bathpool Ski/Rugby Clubs - Cavity wall insulation	£700	£3,500	£800
Museum - Low Energy Lights, Double glazing.	£9,600	£N/A	£2500
Knutton Depot Offices – Cavity wall insulation	£2,185	£2,500	£800

Garages/Workshop external yard – Lighting Controls & Office PIR's	£3,500	£3,500	£1275
Alexandra Road Changing Room – Cavity wall insulation	£700	£4,000	£380
Kidsgrove Public Offices – Rear Extension – Cavity Wall Insulation	£1,500	£2,500	£800
Crematorium – House, Chapel, Toilets, Canteen Area - Cavity Wall Insulation	£500	£4,500	£300
Merial St Toilets – Install fuel efficient boiler	£1,150	£5,000	£800
Midway Lighting Controls	£2000	N/A	£2000
Passive Infra Red lighting – Various.	£4,500		£1800
Total	£34,985		£31,455

### 3. **Options Considered**

- 3.1 The Council could have decided to refuse the grant funding and leave the plans in the Carbon Management Plan unfunded and therefore undeliverable this year. It was considered that the better alternative was for the Council to accept the grant funding, update the Carbon Management Plan Delivery Plan and implement the works described thereby achieving the CMP's objectives and saving costs to the Council in the long term.

### 4. **Proposal and Reasons for Preferred Solution**

- 4.1 In light of the success of the IEWM grant the preferred solution was to accept the IEWM funding and to deliver the identified projects in 2012. In view of the fact that the works would be fully funded; that they were consistent with the objectives of the Council's approved Carbon Management Plan; and that there was a pressing timetable to deliver the works to meet the funding body's requirements; it was deemed appropriate for the decision to be taken by the Portfolio Holder for Environment and Recycling. In undertaking this work it would be appropriate for officers to be authorised to update the Carbon Management Plan Delivery Plan to properly identify the 2012 projects.

### 5. **Outcomes Linked to Sustainable Community Strategy and Corporate Priorities**

- 5.1 The delivery of the Carbon Management Plan clearly contributes to the priority of creating a cleaner, safer and sustainable borough.

### 6. **Legal and Statutory Implications**

- 6.1 In claiming the funding from the IEWM the Council is required to commit to paying 10% of the financial savings for 3 years.

### 7. **Equality Impact Assessment**

- 7.1 The benefits of investing in energy efficiency measures will benefit all members of the community and will not impact on particular equality strands.

### 8. **Financial and Resource Implications**

- 8.1 The grant of £35,000 can be claimed from the IEWM after completion of the projects which needs to be before the end of April 2012. Delivery of the projects – assuming that energy prices remained static – would mean the Council saving approximately £30,000 per annum.

It is worth noting that this year has been unusually mild and as such this year's heating bills will be lower than normal, therefore adjustments may need to be made for the base year data. As stated earlier the Council has to pay 10% of the subsequently generated annual revenue savings back to IEWM for 3 years following the first year of implementation.

- 8.2 The revised Carbon Management Plan will still identify potential projects that currently have no funds allocated to them. These will be kept under review as part of ongoing capital programme planning.

9. **Major Risks**

- 9.1 The risk assessment for the Carbon Management Plan identifies that potential lack of funding will mean that the projects may be undeliverable within the set timescales. Clearly the availability of this external funding will help to mitigate that risk.

- 9.2 Officers considered the significant risk of the low carbon projects not being delivered within the set timescales and it was agreed that the time to seek Cabinet approval would increase this risk. Consequently the Portfolio Holder for Environment and Recycling agreed to support the officers' proposed approach to the projects thereby allowing the commissioning of the preferred contractors based on the quotations for the works. This approach has enabled orders to be placed with contractors to reduce the risks of failing to complete the projects by the IEWM deadline.

10. **Key Decision Information**

- 10.1 The funding will deliver improvements to Council buildings that are used by a range of the residents potentially from wards across the Borough.

11. **Earlier Cabinet/Committee Resolutions**

- 11.1 The Carbon Management Plan was adopted by Cabinet on 9 February 2011.

12. **List of Appendices**

None.

13. **Background Papers**

None.