

CORPORATE SERVICES & PARTNERSHIPS POLICY OVERVIEW COMMITTEE REVIEW ON "REDUCING OUR CARBON FOOTPRINT"

Cabinet Member	Councillor Jonathan Bianco
Cabinet Portfolio	Finance, Property and Business Services
Officer Contact	Khalid Ahmed, Administration Directorate
Papers with report	Corporate Services & Partnerships Policy Overview Committee review into "Reducing our Carbon Footprint"

HEADLINE INFORMATION

Purpose of report	To receive the Corporate Services & Partnerships Policy Overview Committee's review into Reducing our Carbon Footprint and to give consideration to the recommendations of the review.
Contribution to our plans and strategies	The review examined the Council's statutory obligations under the CRC Energy Efficiency Scheme legislation and the recommendations of the review aim to improve the Council's environmental performance.
Financial Cost	There are financial costs associated with some of the recommendations which will only be taken forward on a robust invest-to-save basis following review and approval through the Council's strategic budget planning process.
Relevant Policy Overview Committee	Corporate Services & Partnerships
Ward(s) affected	ALL

RECOMMENDATIONS

That Cabinet:

- 1. Welcomes the report from the Corporate Services & Partnerships Policy Overview Committee (as in Appendix 1) on the review into Reducing our Carbon Footprint and gives consideration to the following recommendations of the Policy Overview Committee:**

Policy Overview Committee Recommendations

- (i) That the Cabinet Member for Finance, Property and Business Services considers whether to develop a corporate energy policy statement and strategy to help the Council in its approach to carbon reduction, for approval at a subsequent Cabinet meeting.**
- (ii) That the Cabinet Member for Finance, Property and Business Services asks officers to look at the feasibility of recording Council carbon emissions and**

carbon mitigated on a plus and minus balance sheet to give a fuller picture on the Council's carbon footprint and enable proactive monitoring by officers.

- (iii) That the Cabinet Member for Finance, Property and Business Services considers whether to ask officers to enter into discussions with the Department of Energy and Climate Change Heat Network Delivery Unit on a district heat and power capability in Hillingdon, including outline concepts, business case, costs benefit analysis and feasibility.**
- (iv) That the Cabinet Member for Finance, Property and Business Services considers whether to ask officers to undertake further discussions and research with a view to supporting a small scale Anaerobic Digestion project in the New Years Green Lane area, if financially viable for the Council.**

Reasons for recommendations

The recommendations of the review will add value to the carbon reduction measures which this Council already undertakes.

Alternative options considered / risk management

The Cabinet could decide to reject some or all of the Committee's recommendations.

Supporting Information

What is a Carbon Footprint?

1. A carbon footprint is a measure of the total amount of carbon dioxide and methane emissions of a defined population, system or activity, considering all relevant sources, sinks and storage within a particular area or process. It is calculated as carbon dioxide equivalent using the relevant 100 year global warming potential (GWP100).
2. Cabinet will be aware, that all public sector organisations are required to purchase Carbon Reduction Commitment (CRC) allowances from the Department of Energy and Climate Change. They are also required to measure and report electricity and gas related carbon emissions annually, following a specific set of measurement rules. As a result of this, public sector organisations, such as LB Hillingdon, are required to buy allowances for every tonne of carbon they emit (relating to electricity and gas).
3. The review, therefore examined the work which is taking place across the Council around reducing the Council's carbon emissions which could result in reduced long term energy and fuel costs and a decrease in the costs of CRC allowances to this Council in future years.
4. The Terms of Reference of the review were as follows:-
 1. To understand the Government's Carbon Reduction Commitment Energy Efficiency Scheme (CRC) and how it affects the Council;
 2. To assess the level and types of carbon emissions that Council buildings produce;
 3. To assess the impact of the removal of Academies and the inclusion of Street Lighting in the reporting requirements of the Carbon Reduction Commitment;

4. To understand the process of purchasing and surrendering CRC allowances for energy emissions and the consequences of breaching the CRC Order 2013;
 5. To review the energy efficiency measures already in place and those that are planned to be introduced to improve the Council's environmental performance and save on fuel and energy costs;
 6. To examine the carbon off-setting work which has been carried out and to suggest other possible work;
 7. To better understand Corporate Social Responsibility & sustainability strategies in the private and not for profit sectors and how these help drive forward a comprehensive approach to tackling carbon emissions;
 8. By reviewing best practice and the latest technologies, to identify and analyse any new opportunities, innovations and energy efficiency tools to further reduce our carbon footprint and;
 9. To report to Cabinet on any recommendations which arise out of the review, in particular any proposals that would provide savings contributing to the Council's Medium Term Financial Forecast.
5. The Committee's review held witness sessions on 17 September 2013, 15 October 2013, 12 November 2013, 14 January 2014, 4 February 2014 and 14 March 2014 and examined a wide range of work which is taking place across the Council around reducing the Council's carbon emissions which are resulting in reduced long term energy and fuel costs and a decrease in the costs of Carbon Reduction Commitment allowances.
6. Recommendations 1 and 2 could be undertaken with no financial implications; whereas recommendations 3 and 4 could entail spend-to-save projects, subject to the Cabinet Member's consideration. The Committee was conscious that such projects could be problematic within the context of a national reduction to local government funding. Consequently, the review was carried out with the understanding that recommendations that made such proposals would only be undertaken with further feasibility work by officers and Cabinet as part of the service and budget planning process.
7. Specific updates on each recommendation and on some initial investigations of viability are set out below:-

Implementing Recommendations

Recommendation 1: The Policy Overview Committee acknowledged that the Council had achieved a reduction of carbon in many areas such as waste management, housing, facilities, major construction and education. However, these reductions had not been achieved or conducted as part of a corporate energy policy and strategy. The development of such a policy and strategy could identify the key technologies and programmes which are required by the Council to meet both national and local targets on carbon reduction.

Recommendation 2: Throughout the review, the Policy Overview Committee was made aware of the many carbon reduction measures which were currently undertaken by the Council. These included energy efficiency measures within the Council's buildings, within the Council's vehicle

fleet, the procurement of green energy tariffs and carbon off-setting work such as recycling, the planting of trees etc...

Residents were also provided with advice on energy savings measures and the Council was involved in initiatives such as the Energy Company Obligation (ECO) which provided residents with a range of measures to reduce carbon reduction and help those residents who were in fuel poverty. The Council had just been successful in a £2.975m bid from the Department of Energy and Climate Change in the Green Deal Communities Scheme which would help the Council offer incentives to households to encourage energy efficiency improvements which would reduce carbon emissions.

A balance sheet would indicate that this Council was taking a wide range of mitigating carbon reduction measures which may have a positive effect on this Council's carbon taxes.

Recommendations 3: Subject to the Cabinet Member's approval, officers could enter into preliminary discussions with the Department of Energy and Climate Change (DECC) on undertaking a detailed feasibility study into viability of the development a heat and power network within the Borough.

Recommendation 4: Subject to the Cabinet Member's approval, officers from all the relevant service areas could research further the possibility of this Council developing a small scale anaerobic digestion project in the New Years Green Lane area.

Financial Implications

There are no direct implications and grants being quoted will be added to the budgets for 2014/15. All recommendations include the use of officer time. No other resources are being committed.

The CRC Scheme was brought in to provide an incentive to reducing carbon emissions. There is currently a budget of £1,146k in the Medium Term Financial Forecast for CRC allowances over the Phase II period which covers 2014/15 to 2018/19. This includes an assumption of an annual reduction of 5% for energy efficiency. There is a £240k budget in 2014/15 which will reduce to £219k by 2018/19.

Recommendations 1 and 2 do not have direct financial costs and may assist in achieving the 5% annual reduction required for current MTFE forecasts.

Recommendation 3

There is the potential with recommendation 3 for external funding from Heat Networks Delivery Unit (HNDU). The current remaining grant funding pot is worth £7m and will be subject to applications until March 2015.

HNDU funding will meet 67% of costs relating to feasibility including developing technical proposals and financial evaluations, requiring the local authority to provide 33% of funding. The average London Borough award of grant has been £60k, which would indicate a matched resource requirement from the Council of circa £30k.

HNDU Round 3 will open to applications from May 2014 and will close in June 2014. There will be subsequent funding rounds, running to March 2015. The opening and closing dates of these will be announced in due course.

If recommendation 3 is approved, a detailed business case could be developed for district heat and power capability in Hillingdon. This would be able to fully consider the benefits and required investment levels.

Recommendation 4

Research and review of the feasibility of an anaerobic digestion plant would allow for the costs and benefits to be explored further and the possible financial savings, investment and wider benefits presented in a business case.

The level of investment, the required consent from the Environmental Agency (as New Years Green Lane is classified as a "special site" due to contamination) and permission from the Secretary of State to change the use of the land from Green Belt and planning permission, mean there are a number of issues which need to be resolved to enable the project to be able to proceed, including proximity to the proposed High Speed Rail 2 (HS2) line.

The 'Reducing Our Carbon Footprint' report details the future need to invest capital to meet new farming regulations at the farms which could provide slurry and benefit from the project. This relates to revised nitrate vulnerable zones guidance. The exact requirements would need to be reviewed before this can be included in the capital programme budget.

EFFECT ON RESIDENTS, SERVICE USERS & COMMUNITIES

What will be the effect of the recommendations?

The main impact of implementing the recommendations would enable officers to investigate further measures, both short and long-term, to reduce this Council's carbon emissions.

The long-term effect would result in reduced energy costs, carbon emissions and a reduction in the Council's carbon taxes.

Consultation Carried Out or Required

The Committee received evidence from a range of witnesses and collaboration took place between officers within the Council's Energy Team, Planning, Waste Management and Transport.

A site visit was also undertaken by Members of the Policy Overview Committee to an established heat and power network at Bunhill, within the London Borough of Islington.

CORPORATE IMPLICATIONS

Corporate Property and Construction

There are no direct corporate property or construction implications from the recommendations in the report other than some officer resource to assist with the preparation of the feasibility studies identified, pending further Member approval.

Corporate Finance

Corporate Finance has reviewed the report and concurs with the financial implications set out above.

Legal

As is stated in the Corporate Services and Partnerships Policy Overview Committee Report, the Government's Energy Efficiency Scheme is designed to improve energy efficiency and cut emissions in large private and public sector organisations including local authorities.

The Energy Efficiency Scheme is underpinned by The CRC Energy Efficiency Scheme Order 2013 and The CRC Energy Efficiency Scheme [Allocation of Allowances for Payment] Regulations 2013.

This legislation requires public sector organisations to purchase allowances for every tonne of carbon they emit and it prescribes penalties for those organisations who do not comply.

The Cabinet report indicates that the main impact of implementing the recommendations would enable officers to investigate further short and long term measures to reduce the Council's carbon emissions. This in turn will decrease the amount of allowances which the Council will be required to purchase without exposing it to any penalties for non-compliance.

BACKGROUND PAPERS

NIL