

## **BUDGET STRATEGY GROUP**

**30 NOVEMBER 2020**

### **AGENDA ITEM 4**

#### **4. CARBON REDUCTION EMISSIONS 'BUDGET'**

##### **4.1. Purpose**

The purpose of this report is to:

- Report on progress to date and the trend of carbon reduction against the Carbon Reduction Emissions Budget approved last year;
- Report on progress against the plans for how we will continue to work towards net zero carbon by 2030 – through a new approach to Carbon Management;
- Propose a Carbon Reduction Emissions Budget for 2021/22 and provide an update on the budget for 2030;
- Recommend a revised net zero carbon 'budget' to Full Cabinet and subsequently Full Council as part of the budget setting process;
- Provide an update on the funding available to support carbon initiatives.

##### **4.2. Background**

4.2.1. In October 2019, the Council passed a motion to recognise the gravity of the Climate Change emergency and as part of it pledged to 'become net zero carbon, as a Council, by 2030.'

4.2.2. It is worth noting that any organisation claiming to be 'net zero carbon' in 2030 will have worked hard to reduce its emissions by then, followed by the purchase of offsets credits to cover any remaining emissions (an offset credit is created by removing the equivalent amount of carbon from the atmosphere).

4.2.3. The motion also required the setting of annual carbon emission reduction budgets.

4.2.4. Prior to the adoption of the 2030 target, the Council had set the following voluntary targets:

- To reduce emissions by 45% by 2021;
- To reduce emissions by 'at least 50%' by 2025

4.2.5. Actual reductions are measured from the baseline year which was 2009/10. The report below sets out progress against these voluntary targets.

### **4.3. Net Zero Carbon 2030 Plan – Scope and Principles**

4.3.1. The majority of the Council's carbon emissions (approximately 90%) come from three emitters:

- Street lighting – the operation of street lights on all roads managed by the Council – A' roads and smaller, including residential roads;
- The Strategic Environment Contract (SEC) – the collections of domestic waste and recycling, and management of parks, verges and open spaces.
- Corporate properties – Council offices (including some SCH offices) public buildings such as libraries, operational areas such as depots and leisure facilities.

4.3.2. The remaining emissions have been estimated at 10%, with the vast majority coming from the use of SMBC and partners vehicles.

### **4.4. Progress in meeting Carbon Emissions Reduction Budgets**

4.4.1. In the first Carbon Budget Report to the Budget Strategy Group in November 2019, the following Carbon Emission Reduction 'target' budgets were set:

- Target emissions reduction for 2020/21 – based on the original voluntary 45% reduction;
- Target emissions reduction for 2024/25 – based on the original voluntary 50% reduction;
- Target emissions reduction budget for 2030 – the first estimate of how the Council would achieve net zero carbon by 2030.

4.4.2. Progress against the above targets is summarised below and detailed in Appendix A.

#### **Voluntary 45% reduction by 2020/21**

4.4.3. Actual progress against the 2020/21 budget will be assessed once the data is available during the summer of 2021 and will be reported to the Budget Strategy Group in November 2021.

4.4.4. However, the Council is predicted to exceed this target in 2020/21 as in 2019/20 emissions had reduced to 10,314 tonnes, a 48% reduction compared to 19,924 tonnes in the baseline year of 2009/10. The prediction for 2020/21 is a further reduction of 1,457 tonnes to 8,857 tonnes, which will take the overall reduction to 55.5%.

4.4.5. This reduction is largely the result of the Light Emitting Diode (LED) replacement scheme arising from the Street Lighting Strategy. In addition we have predicted a year on year reduction of 3% for corporate properties in line with previous year's actuals, however there is likely to be some further impact from Covid-19 and the lower occupancy levels of corporate properties.

#### **4.5. Voluntary 50% reduction by 2024/25**

4.5.1 The Council has already exceeded this original target based on the performance predicted for 2020/21 of 55.5%, as outlined above. Further actions planned, including the switch to a zero carbon tariff for Street Lighting, will see a further reduction achieved ahead of this year.

#### **4.6. Net Zero Carbon budget by 2030**

4.6.1 It is too early to meaningfully assess likely progress against the 2030 Net Zero Carbon Budget. The two voluntary targets above were set by reference to the 2009/10 baseline year. Because we have since agreed the new net zero carbon budget, the target reductions from 2021/22 will have to be increased more sharply in order to see a clear trajectory of reductions that are required year on year in order to achieve the ultimate goal of net zero carbon by 2030. The approach to this is outlined below.

#### **4.7. New approach to Carbon Management**

4.7.1. Last year's Budget Strategy Group report set out a plan in the form of a 'road map' to achieve net zero carbon. Appendix B shows what actions were due against the plan with commentary on progress to date and any new actions which have been identified since last year.

4.7.2. Phase 1 actions due for the period since this report include the development of a Carbon Management Plan, for which progress to date includes:

- The development of a draft **Net Zero Carbon Plan 2030** for the Council;
- The development of draft **Net Zero Carbon 2030 Action Plans** for the three main emitters;
- The development of the **Directorate Sustainability Plans**, to engage those emitters not yet captured.

4.7.3. The above plans will be reported to a future session of the Climate Change, Planning and Housing portfolio expected in the middle of next year.

- 4.7.4. Phase 2 and 3 plans have been refined and are also detailed in Appendix B.

#### **4.8. Proposed Carbon Reduction Emissions Budget for 2021/22**

- 4.8.1. As detailed in Appendix A we are proposing the Council's second Carbon Budget for 2021/22, which is based on the emitters' trajectories as outlined below with the rationale for the proposed budget.
- 4.8.2. Street Lighting Strategy – the proposed carbon budget for 2021/22 is zero as the service will be on a new zero carbon tariff for electricity.
- 4.8.3. SEC contract – no further changes to the budget are being proposed. This is the final year of the SEC contract so any future year's budget proposals will arise as a consequence of the new contract arrangements.
- 4.8.4. Corporate Properties – the carbon budget is set at a 3% reduction on 2020/21, in line with previous year's actuals. The ongoing impact of Covid-19 on Corporate Properties and the proposed changes to the future working model and how that is likely to change carbon emissions will need to be subject to review and a future report.
- 4.8.5. Other Services representing the remaining 10% - the carbon budget remains unchanged from previous years. Further work is required to identify what can be achieved for 2021/22.

#### **4.9. Proposed Carbon Reduction Emissions Budget for 2030**

- 4.9.1. Appendix A presents the proposed Net Zero Carbon Budget for 2030. This has been updated from last year to show the switch to zero carbon electricity for Street Lighting, which has reduced the budget from 647 tonnes last year to 0 this year.
- 4.9.2. Within the period leading up to 2030 the outcome of the new SEC contract, including the requirement for the new contractor to contribute towards the Council's carbon reduction targets, will need to feed into future iterations of the 2030 budget and the preceding years.
- 4.9.3. For the remaining areas the 2030 budget figures are the same but will need to be revised alongside the development of the Carbon Management Plan referred to in section 4.7 above. These will also be the subject of future years' reports.

#### **4.10. Carbon funding available**

- 4.10.1. In recent years the Council has been able to contribute a modest sum to a Carbon reserve after the Carbon Reduction Commitment scheme

commitments were funded. The reserve currently stands at £440,000, with a further contribution to be made in 2020/21 of £190,000 bringing the total available to £630,000. The budget for the Carbon Reduction Commitment scheme is committed for MTFs savings from 2021/22 as the scheme has ceased, so 2020/21 will be the final year that a contribution from this budget can be made to the Carbon reserve.

4.10.2. To date two firm commitments have been made against the reserve:

- A sum of up to £5,000 to fund the establishment of a Climate Change Commission to consider the aims of the Climate Change Prospectus.
- Funding for a new band F post for two years to take forward the Council's Electric Vehicle Strategy. A key responsibility for this role will be to pursue external funding for electric vehicle projects and it is envisaged that after the two years the post will become self-financing. The total cost of a band F for two years is £110,000 - £117,000 which is expected to be partly offset with external funding.

4.10.3. A number of potential projects have been identified which could require funding from this reserve. Officers are currently working on a method of prioritising these, including quantifiable metrics such as £ invested per emission reduced (£/tonnes) and more qualitative metrics, such as behaviour change activities.

4.10.4. In addition to the commitments against the Carbon reserve, a report to the second Budget Strategy Group meeting covering the Economy and Infrastructure portfolios included a recommendation for additional investment of £300,000 for new posts to create additional capacity around both climate change and economic development. This is to be funded from the £2million place-making fund in 2021/22 and as part of base budgets from 2022/23.

4.10.5. Annually, as part of the Council's budget setting process, carbon emission reduction budgets will be updated in line with the three year plan, as well as reviewing the use of the carbon reserve and identifying any further investment requirements in order to deliver on the net zero carbon targets.

#### **4.11. Recommendations**

4.11.1. The Group is asked to endorse the progress to date and the trend of carbon reduction against the Carbon Reduction Emissions Budget approved last year and the future plans as per the report and Appendix B.

- 4.11.2. The Group is asked to agree the proposed Carbon Reduction Emissions Budget for 2021/22 as per the report and Appendix A.
- 4.11.3. The Group is asked to agree the updated 2030 Net Zero Carbon budget as per the report and Appendix A.
- 4.11.4. The Group is asked to endorse the carbon budget commitments and future approach to investment in projects and for resourcing this priority area.