

Committee:	Cabinet
Date:	9 November 2021
Report By:	Chief Operating Officer and Director of Communities, Economy and Transport
Title of Report:	Funding proposal to support East Sussex County Council's (ESCC's) climate emergency work
Purpose of Report:	To outline proposals for additional budget to support ESCC's climate emergency work.

RECOMMENDATION: Cabinet is recommended to:

- 1. note the planned additional spend of £812,000 in this financial year, being met through existing resources; and**
 - 2. approve the bid for further one-off investment of £3,055,000 for 2022-23 to 2023-24 to be considered for funding from the £8.855m reserve that has been established for one-off investment.**
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1. Background information

1.1 In October 2019 the County Council declared a climate change emergency and in June 2020 Cabinet approved a Climate Emergency Action Plan covering 2020-22. The Action Plan commits to reducing the County Council's own corporate carbon emissions by 13% per year. This report sets out a proposal for additional resources to assist in meeting this target.

2 Supporting Information

2.1 In 2009/10 ESCC set a target to reduce its carbon emissions by 3% per year, which was in line with the previous national target of an 80% reduction between 1990 and 2050. The Council developed a carbon management plan in 2009, which was updated in 2016, and then developed a Climate Emergency Action Plan in 2020. The Action Plan set out the scale of the current carbon baseline, described the carbon budget that the Council will aim to keep within, and proposed an initial two year delivery plan for 2020-22. Appendix 1 sets out how the Council's carbon baseline is calculated.

2.2 The approach adopted in the Action Plan is that, in order to make its fair contribution to reducing county-wide emissions, the County Council will aim to cut its own emissions by 13% per year. This is based on a recognised methodology developed by the UK's Tyndall Centre for Climate Change Research for calculating the carbon budget by local authority area. A carbon budget represents the total quantity of greenhouse gases which can be released to the atmosphere if we are to contain temperature rises to a given level – this can be calculated globally and then broken down into national and sub-national budgets. The Tyndall model, based on current scientific understanding, indicates that to stay within a budget based on a rise of no more than 1.5 degrees centigrade above pre-industrial levels (as set out in the UN Paris Agreement on Climate Change) requires cutting emissions from East Sussex by an average of about 13% per year. This 13% science-based annual reduction target is what the County Council is working towards, rather than a fixed end date by which it will become carbon neutral.

2.3 The County Council has reduced its operational carbon emissions by about 66% between 2008/9 and 2020/21. This has been through a combination of factors, including national decarbonisation of the electricity grid, as coal has been largely replaced by gas and renewables, and by the County Council investing in a number of measures that have reduced emissions. Appendix 2 provides a summary of some of the main measures that have been implemented and what is planned in the near future.

2.4 Currently, the Council has a dedicated budget for implementing carbon reduction measures (the Salix recycling fund), which is managed by the Orbis energy team within Property Services. The total fund is over £1m, 50% of which was provided by ESCC and 50% by Salix Finance, which is part of the Department for Business, Energy and Industrial Strategy (BEIS). Nearly all of the available funding is currently locked up in existing loans to ESCC budget holders, including schools. This means that there is very little budget available for investment in any further energy efficiency work in 2021/22 or in developing a pipeline of projects. This significantly reduces the likelihood of being able to keep within the County Council's carbon budget, as set out in the Climate Emergency Action Plan, or being able to bid for future government funding. In previous years ESCC has accessed additional funding through the Salix Energy Efficiency Loan Scheme (SEELS), for example to deliver the current extensive street lighting retrofit work, however BEIS closed the SEELS fund at the end of March 2021.

2.5 The Council secured £478,000 from the government's public sector decarbonisation fund in 2020-21 to fund the development of a corporate heat decarbonisation plan, as well as the delivery of a whole-building retrofit pilot in one school and solar photovoltaic (PV) panels on six Council buildings. Experience from other local authorities and engagement with central government departments indicates that access to future national funding streams could be increased if there was greater internal capacity to respond more quickly and a pipeline of projects already developed.

2.6 It is proposed that, as part of the Council's climate emergency declaration, and in order to address the immediate resource need, additional investment is made in-year (2021/22) and for the next two financial years to:

- 1) Commission the modelling of different options to get to net zero, in order to understand the potential financial and non-financial costs, benefits, risks and timescales. It is recommended that initial work is undertaken by an officer group before consideration by Members (potentially through the Place Scrutiny Committee), to help increase understanding of the available options and to help develop a consensus as to how it might be possible to get to net zero and at what cost.
- 2) Invest in the following range of measures to enable the reduction in energy consumption:
 - a. Recruit an additional officer in Property to:
 - Develop a pipeline of projects.
 - Lead delivery of additional projects.
 - Carry out monitoring and verification of the carbon saved from projects.
 - b. Bridging of the funding gap of £130,000 to allow full delivery of the public sector decarbonisation fund projects listed in paragraph 2.5, which will allow the draw-down of the full grant. This funding gap has emerged during tendering for the projects and is due to the increase in the cost of materials and labour that is affecting most of the construction sector.
 - c. Install one additional low energy lighting scheme and two solar PV schemes in buildings in 2021/22 and a further 12 lighting schemes and 10 solar PV schemes in 2022/23. This will include a feasibility study into installing solar PV on The Keep. Low energy lighting is only installed at sites when lighting upgrades are required. This investment will reduce corporate energy bills as well as deliver measurable carbon reduction.
 - d. Invest in a programme to decarbonise the heating systems at sites that are already scheduled in the planned maintenance programme for boiler replacements during 2022-24. This will include detailed feasibility studies to determine site-specific costs and will take a whole-building approach, in line with the recommendations agreed from the recent Scrutiny Review of the Council's approach to becoming carbon neutral. This will include energy efficiency improvements to the building fabric, such as better insulation. The funding

request is to provide £2.56m to bridge the uplift cost compared with a like-for-like fossil fuel boiler replacement across priority sites, which would bring estimated annual savings of £155,000 and cut carbon emissions by approximately 255 tonnes per year. The costs would be spread across 2021-22 to 2023-24 and should act as match funding to enable the Council to attract external funding.

- 3) Commission the delivery of carbon literacy training for Members and officers, to help increase understanding of the challenge of climate change and the options available to address it. This will complement the modelling work, provide another opportunity to develop a broader consensus as to how the County Council can lead by example in reducing its own emissions and engage staff in practical ways to contribute to this reduction. This would be progressed once the County Council has considered a structured approach to taking account of carbon emissions in decision-making.
- 4) Secure additional capacity and specialist skills in Procurement to begin to reduce scope 3 emissions, which are by far the largest part of the County Council's carbon footprint. This would entail:
 - Working with commissioners and procurement leads to embed carbon reduction within contracts, where relevant and appropriate.
 - Engaging with relevant markets to understand their ability to cut carbon at pace and scale, and at what cost to the client.
 - Carrying out monitoring and verification of the carbon saved from projects.

This will signpost to suppliers and potential suppliers the importance we place on reducing carbon, and the expectation we will have going forward that, as part of our procurement processes, suppliers will be able to evidence that they understand their carbon impact and have demonstrable plans to reduce it. This proposal is subject to further work and review and is intended to lever the scale and expertise provided through the Orbis Partnership, working with Surrey County Council and Brighton & Hove City Council.

- 5) Secure additional capacity to develop and deliver a focussed communications campaign, with key partners such as the District and Borough Councils, on a carbon reduction priority for East Sussex (e.g. transport). This would enable the County Council to bring together a range of partner organisations and ensure a clear, consistent, targeted and partnership-based message.

2.7 The proposals above are summarised in appendix 3, including an explanation as to how each of the costs has been determined. These proposals will enable the County Council to:

- 1) commission independent modelling of the scenarios to get to net zero and the associated costs and benefits.
- 2) continue to deliver carbon reduction projects at scale, including in schools.
- 3) deliver a reduction in corporate energy costs.
- 4) develop a pipeline of projects and so maximise the likelihood of securing additional external funding.
- 5) raise the profile of what has already been accomplished and is on-going to cut the Council's carbon footprint.
- 6) develop the internal capacity and project pipeline that will enable the County Council to begin to mainstream climate change.
- 7) provide the opportunity to develop greater consensus, including through engagement with the Place Scrutiny Committee, on the scale and pace of change in cutting the Council's emissions.

2.8 It is proposed to fund this total investment of £3.867m as follows:

- 1) the costs of £812,000 in this financial year will be met through existing resources (a combination of budget underspending within the Communities, Economy and Transport Department (CET) and corporate reserves).
- 2) The costs of £3,055,000 for 2022-23 to 2023-24 are proposed to be met from the £8.855m reserve that has been established for one-off investment. On-going costs, namely those for a new post in Corporate Property and resources to help deliver a reduction in scope 3 emissions and an external communications programme, will be considered through the Reconciling Policy, Performance and Resources (RPPR) process beyond the initial investment period. Once authorisation has been given for funding to be used from the reserve, authority for individual actions will be in accordance with officer delegations set out in the Constitution.

2.9 Oversight of the investment set out above will be the Lead Member for Resources and Climate Change working closely with the Lead Member for Transport and Environment, and advised by the existing Climate Change Officer Board, which includes representatives from all departments and is co-chaired by the Chief Operating Officer and the Director of CET. This will include developing a dashboard to make the County Council's measurable progress in cutting its carbon emissions more visible, and the construction of a new Council Plan target to assess progress with the Climate Change action plan and investments recommended in this paper.

2.10 In addition to the measures outlined above, the Council will:

- 1) continue to develop its approach to electric vehicle charge points by developing a list of priority sites with partners in SPACES (the 'Strategic Property Asset Collaboration in East Sussex' partnership) and recruiting a dedicated officer to take this forward.
- 2) refocus its corporate planned maintenance programme to explore investing in energy efficiency wherever possible using proven technologies, in line with the recommendations from the Scrutiny Review of becoming a carbon neutral Council. However, as energy efficient capital investment is usually more costly than like-for-like investment it is likely that planned corporate and schools maintenance projects will need to be re-profiled over a longer time period or additional capital investment secured.
- 3) identify, through its Workstyles review, hybrid working for key office hubs, opportunities for reduced staff travel and greater scope for increasing utilisation by co-location with partners, to further reduce the Council's carbon footprint.
- 4) continue to focus on how its assets are managed day-to-day by utilising its facilities management contractors and commissioned services to improve carbon efficiency under the respective contracts.
- 5) continue its closer dialogue with central government departments through the Department for Levelling Up, Housing and Communities, including discussions about how to ensure that the County Council is best placed to maximise the opportunity from future government funding streams.
- 6) continue to work closely with schools, which form one of the largest part of the County Council's carbon footprint, for instance through the Property team encouraging access to the Salix loan fund, through the East Sussex Schools Forum and through working with the Youth Cabinet.
- 7) continue to work within a range of partnerships and networks to learn from others, including through the Association of Directors of Environment, Economy, Planning &

Transport (ADEPT), South East Local Enterprise Partnership (SELEP) networks and the County Councils Network.

3. Conclusion and Recommendations

3.1 The County Council has made strong progress over a number of years in cutting its own carbon emissions and has made it clear that contributing to tackling climate change is a key priority. The proposals in this report aim to build on existing capacity and projects to assist the Council to mainstream its action on climate change.

3.2 Cabinet is recommended to note the planned spend of £812,000 in this financial year, to be met through existing resources, and to approve the bid for further one-off investment of £3,055,000 for 2022-23 to 2023-24 to be funded from the £8.855m reserve that has been established for one-off investment.

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BACKGROUND PAPERS: ESCC Climate Emergency Action Plan [Climate change – what we are doing – East Sussex County Council](#)

Appendix 1

How the Council's carbon baseline is calculated

A clear understanding of the carbon emissions generated by our activities is a key foundation for working towards carbon neutrality. The corporate Action Plan set out an initial assessment of the carbon emissions from the Council's activities using the Greenhouse Gas (GHG) Protocol, an accepted global standard for measuring and reporting on an organisation's GHG emissions. The Protocol divides GHG emissions into three categories, referred to as Scope 1, 2 and 3. Together, these represent the total GHG emissions related to an organisation and its activities. Each scope covers the following emissions:

- Scope 1 – emissions from the combustion of gas, oil, petrol, diesel, coal, or wood. For the Council this covers buildings and vehicles where the Council is responsible for paying for the fuel.
- Scope 2 – emissions from the electricity purchased by the Council.
- Scope 3 – emissions that result from all other activities of the Council. There are 15 different scope 3 categories defined in the Protocol, some of which do not apply to a local authority (e.g. emissions from manufactured goods). The categories that do apply include emissions from business travel, water usage, waste, procurement and staff commuting. In other words, the County Council's scope 3 emissions mostly comprise the scope 1 and 2 emissions of other organisations (e.g. contractors).

Scope 1 and 2 emissions represent the Council's 'operational carbon emissions'.

The County Council has measured scope 1, 2 and some scope 3 emissions since 2008-9. Data in relation to scope 1 and 2 is of higher quality whereas data in relation to most scope 3 emissions is much more varying in detail and quality. The Action Plan highlights that scope 3 emissions are by far the largest part of the Council's estimated carbon footprint, notably through the supply chain i.e. the goods, works and services that are purchased by the County Council in order to deliver its functions. This is typical for a local authority, as most of the Council's revenue and capital budgets are used to procure goods, services and works from third parties. For an upper tier authority this includes major services such as highways maintenance, waste disposal, and education, as well as social care provision commissioned from a myriad of relatively small independent providers. The Action Plan also highlights that the largest proportion of scope 1 and 2 emissions is from schools. Overall, this means that the majority of carbon emissions generated by the Council's activities are from sources over which the Council has influence but limited direct control.

The County Council therefore has a large and complex carbon footprint which is larger than that of all the East Sussex District and Borough Councils combined. Further work is required to quantify most scope 3 emissions before they can begin to be integrated reliably into the Council's carbon footprint and modelled for future emission reductions, notably from procurement. Consequently, the Action Plan focusses primarily on reducing scope 1 and 2 emissions first, for example carbon emissions from buildings and investing in more renewable energy. This is a similar approach to that adopted by all the East Sussex District and Borough Councils.

Appendix 2

Climate Change – What ESCC has achieved so far and next steps (November 2021)

What ESCC has achieved so far

Between 2008-9 and 2020-21 the County Council has reduced its scope 1 and 2 emissions by 66%. This has been achieved through a number of measures, including:

1. Changes to the way we work, for example through the Agile and SPACES programmes. The Agile programme has enabled staff to work flexibly from a range of sites, including home, and so enable a reduced number, and more efficient use of, buildings which enable a reduction in travel through staff being able to be connected whilst working remotely, and enable a more efficient use of the organisation's buildings. The SPACES programme ("Strategic Property Asset Collaboration in East Sussex") is a partnership of public bodies and third sector organisations established in 2013 to seek better use of the public sector estate.
2. Improved and more energy efficient connectivity, for instance through moving to the Surrey Data Centre.
3. Encouraging behaviour change, for example by providing the ICT equipment, tools and support to enable Members and staff to work digitally and providing discounted bus travel and season-ticket loans to encourage the use of public transport.
4. Installing a number of energy efficiency measures in ESCC buildings and street lighting through the £1.025m Salix invest-to-save fund and County Council maintenance budgets, including replacing all the windows at County Hall. Salix has funded nearly 300 projects worth £3.8m, generating annual savings of over £850,000.
5. Installing 1.4MW of renewable energy generation on buildings, mostly on schools.
6. Requiring energy efficiency improvements in key contracts, for example including performance indicators for street lighting and business mileage within the current highways contract.
7. Changing our approach to procurement to enable more goods and services to be delivered by local businesses, which reduces the transport impact of our supply chain.
8. The Council has recently procured a new framework for the provision of electricity for corporate buildings, schools and street lighting. This allows electricity to be supplied from renewable sources, independently certified through the Renewable Energy Guarantees of Origin scheme (REGOs). This started from 1 April 2021 for an initial period of at least 12 months and is likely to continue, subject to availability and price. This applies to corporate sites and has been offered to schools. Please note that the purchase of green electricity is not counted towards ESCC's carbon reduction target, on the basis that it is recognised good practice to work to reduce energy usage first, followed by improving energy efficiency, then investing in renewable energy, and finally to procure green electricity.
9. Case study example: Buxted Primary School, energy efficient lighting:
 - Fluorescent lamps were replaced with energy efficient LED lamps, improved controls and emergency lighting across the school estate.
 - The changes cost £15,000 and led to a 17% reduction in electricity use, which saved £1,500 and 5 tonnes of CO₂ per year.
 - Feedback from the school: "We undertook the new lighting project throughout our school building and the results have been very good. The light quality is crisper and more evocative of daylight. It has reduced the glare produced by the old lighting and created a working environment that is brighter, more modern looking and more

efficient. The overall look of the ceilings is clean and modern and overall we are very pleased with our new lighting.” Bursar at Buxted C of E Primary, May 2020.

Next steps

1. Complete delivery of the £480K of government-funded energy efficiency projects in 2022.
2. Deliver a range of energy efficiency projects, for example LED lighting schemes.
3. Develop a robust pipeline of projects to support bids for more external funding.
4. Model the options and costs to get to net zero.
5. Review the capital strategy in light of the climate emergency commitment.
6. Consider the scope to achieve carbon reduction through the existing planned building maintenance programme.
7. Deliver the communications plan to Members and staff.
8. Continue to embed carbon reduction into appropriate procurement contracts, for example the new highways contract.
9. Update the staff travel plan alongside the Future Workstyles review.

Monitoring and reporting of progress

The target is to reduce emissions by an average of 13% per year. Until we are able to measure and report on our scope 3 emissions more accurately, and therefore know where and how to better influence these emissions, we are measuring and reporting on our performance against a 13% p.a. reduction target for scope 1 and 2 emissions. This is monitored and reported quarterly to the Officer Climate Emergency Board, which has representatives from every department and is co-chaired by the Chief Operating Officer and the Director for Communities, Economy and Transport. Progress is also reported quarterly in the County Council’s strategic risk register and annually to full Council.

Appendix 3 – Funding proposals

Priority	Measure	Investment	2021/22	2022/23	Notes	On-going
1	Modelling of net zero scenarios	Commission modelling of different options to get to net zero in order to understand the potential costs, benefits, risks and timescales.	£25,000	£0	Based on estimate from Kent County Council's LASER energy team.	n/a
2	Reduce energy consumption	Recruit an additional officer to Property (LMG1)	£14,000	£56,000	Cost for LMG1 including on-costs. Assumes officer in post from Q4 2021/22.	£56,000*
		Bridging of the funding gap to allow full delivery of the Council's Public Sector Decarbonisation projects. This enables the drawdown of £262,000 of BEIS funding.	£130,000	£0	Costs based on tendered prices.	n/a
		Low energy lighting schemes in 1 additional school in 2021/22 and in 11 schools and Milton Grange in 2022/23	£35,000	£141,000	Costs are based on actual priced surveys or averages of other projects. They include contingencies but not enabling works (e.g. asbestos removal).	n/a
		Solar PV: survey of 6 corporate sites and installation on 2 sites in 2021/22. Survey and installation of a further 10 sites in 2022/23.	£88,000	£369,000	Costs include consultant fees, planning fees and contingencies and are based on Greater South East Energy Hub estimates multiplied by the relevant floor areas.	n/a
		Solar PV on The Keep	£5,000	£125,000	£5K for feasibility and £125K for install, if viable.	n/a
		Feasibility studies to develop a pipeline of projects and maximise grant income opportunities	£130,000	£78,000	£13K per site, based on feasibility study cost for Ninfield school in 2021.	n/a
		Heat decarbonisation: £2,563,500 is requested for a planned programme to decarbonise heating in sites that are already scheduled in the planned maintenance programme for boiler replacements in 2022-24	£380,000	£2,183,500	Costs in 2022-23 = £1.0635m. Costs in 2023-24 = £1.12m.	n/a
		Deliver carbon literacy training for Members, senior managers and staff	£5,000	£21,500	Costs based on quotes from CSE (£3K for 50 Members & senior managers, £80/staff, assuming 500 staff take part per year)	n/a

Priority	Measure	Investment	2021/22	2022/23	Notes	On-going
3	Reduce scope 3 emissions	Provide the internal capacity and expertise to address by far the largest part of ESCC's carbon footprint.	£0	£56,000	Place-holder sum pending development of proposal for review by Climate Change Officer Board.	£56,000*
4	Communications external	Commission a communications agency to work on targeted campaigns with key partners	£0	£25,000	Estimate, from the corporate communications team, to deliver one reasonable-scale communications programme per year.	£25,000*
Annual totals:			£812,000	£3,055,000		£137,000
Total:			£3,867,000			

* Note that ongoing costs for these items would be considered within the Medium Term Financial Plan after the investment period via the RPPR process