

Subject:	Sustainability and Carbon Reduction Investment Fund: Next Steps		
Date of Meeting:	11 July 2019: Policy, Resources & Growth Committee		
Report of:	Executive Director, Economy, Environment & Culture		
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Ward(s) affected:	All Wards		

FOR GENERAL RELEASE**1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 The Policy, Resources & Growth Committee on 21st March 2019 agreed a report that set out proposals to use funding agreed in the 2019/20 city council budget to establish a £500,000 Sustainability and Carbon Reduction Investment Fund (“SCRIF”). The SCRIF is intended to address the need to: reduce carbon emissions; adapt to climate change and build resilience; protect and enhance biodiversity and develop a circular economy. The Committee agreed a recommendation that officers bring a further report outlining the process for agreeing and assessing projects that are delivered through the SCRIF to this meeting of the Policy, Resources & Growth Committee.
- 1.2 This report sets out the process for commissioning, assessing, agreeing and monitoring potential projects to be supported by the SCRIF. It also sets out the ways in which the city might move towards developing a more circular economy (as defined in paragraph 3.9 below).

2. RECOMMENDATIONS:

- 2.1 That the Committee agrees that officers should continue to develop a Circular Economy Routemap focusing on two sectors initially: the built environment and construction; and the visitor economy (as set out in 3.10) and present a future report to the Committee relating to a final Circular Economy Route Map.
- 2.2 That the Committee agrees the process for commissioning projects to be funded by the SCRIF, as set out at 3.14, and agrees to the assessment criteria for considering which projects to take forward as shown in the template assessment sheet shown at Appendix 3.
- 2.3 That the Committee agrees to the establishment of a ‘task and finish’ Member Oversight Group for 6 months to consider all projects that are put forward for funding and approves the terms of reference at Appendix 1.

- 2.4 That the Committee approves the use of £500k of capital receipts to establish the SCRIF and agrees to delegate the decision to finance projects using the fund to the Executive Director, Economy, Environment & Culture, in consultation with the Member Oversight Group agreed in recommendation 2.3.
- 2.5 That the Committee notes the progress in planning the corporate solar photovoltaic (PV) work outlined in 3.8 including the provisional identification of sites; approves the use of £565k of capital borrowing in 2019/20, as set out in 3.7 and 3.8 to install solar photovoltaic panels onto corporate buildings; and delegates the decision to start the procurement process and award the contracts to the Executive Director, Economy, Environment & Culture.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 At the meeting of full Council on 13th December 2018, the city council declared its recognition of the ongoing global climate and biodiversity emergencies with the following notice of motion being unanimously passed:

This Council notes with concern the recent Intergovernmental Panel on Climate Change (IPCC) report on global climate change impacts and the recent Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) reports on global species and habitat loss. Council notes also that our coastal city on the edge of the South Downs is affected by these threats, which are projected to intensify.

Further to this, Council:

(1) Declares its recognition of global climate and biodiversity emergencies;

(2) Requests the Policy, Resources & Growth Committee to:

- undertake a short review of BHCC governance policies and progress*
- aimed at addressing locally these twin threats and to report on findings*
- consider a target date of 2030 for whole city carbon neutrality;*
- consider how the Council can strengthen local protection and enhancement of species, habitats and ecosystems services under available powers;*

- 3.2 This was followed up by a petition to the 31st January 2019 full Council meeting, also seeking that the city council declare a climate emergency and put in place a more ambitious commitment of making our city carbon neutral by 2030. This petition was noted, along with a recommended amendments made that the council seek to publicise its recognition of climate and biodiversity emergencies, and promote the petition on climate and biodiversity.
- 3.3 Meanwhile, the city council prepared a new Economic Strategy during 2018, which was adopted by full council, also at its meeting on 13th December 2018. The economic strategy is underpinned by five themes for action which are vital to delivering economic growth, creating prosperity and providing a greater quality of life for all. This included a theme on having a sustainable city. This theme promotes a focus on a circular and sustainable economy, as an approach for supporting business and community engagement in tackling climate change. The purpose of the theme was to establish a city which looks to the future, focusing its economy on sustainable solutions to future challenges in order to protect and enhance the health and wellbeing of its residents, support economic resilience

and act as a leader in developing a robust response to climate change.

- 3.4 On a wider city-region scale, the Greater Brighton Economic Board established the Greater Brighton Infrastructure Panel in 2018 to promote infrastructure security and resilience; health and wellbeing; clean growth; and the affordability of energy and water in the city region. The Panel is overseeing the development of Energy and Water plans for the city region and ensuring those plans can help to meet the growth requirements of city region in a sustainable way, as envisaged by the Greater Brighton Economic Board, whilst also planning to reduce water use by more than a third and move towards a zero carbon energy system. The aim is to produce plans which are highly practical in application and which provide a clear indication of priorities, investment opportunities and potential financial mechanisms and sources for delivery.
- 3.5 The Brighton & Lewes Downs Biosphere Delivery Board is looking to update the Biosphere Management Strategy for *The Living Coast*, the UNESCO Biosphere that forms a large part of the city region. The Biosphere Management Strategy has to be updated every five years, with the first strategy (adopted when the Biosphere was designated) covering 2014 to 2019. The strategy for the next five years will take us up to 2024, when UNESCO will want to assess the impact the Living Coast Biosphere has had. The new management strategy will look at policy and practice to shape the next five years of the Biosphere, as well as considering future focus and priorities of areas of work to add value to the Biosphere.
- 3.6 The council recognises that it needs to consider any resourcing implications arising from declaring climate and biodiversity emergencies. A more ambitious target for achieving carbon neutrality would require greater capacity and resourcing to manage a programme of work that supports council departments and stakeholders in the city in raising current targets, and developing new projects where possible; overseeing governance and reporting; and making sure that the city is on track to meet a new 2030 target.
- 3.7 It is with this in mind that the city council agreed additional allocations for sustainability, energy & climate change in the 2019/20 budget at Budget Council on 28th February 2019. These allocations included:
- *£129K in new funding to the Sustainability Team to provide staff and other resources required to expand activity in climate change mitigation and biodiversity protection and enhancement, following Council's unanimous declaration of climate and biodiversity emergencies in December 2018. This work may include development of citywide initiatives such as food waste collection, district heat installations, renewable energy development, biodiversity enhancement in the urban and rural estate and green infrastructure work.*
 - *£61K to the Sustainability Team over and above the £0.129m provision above. This will provide additional staff and other resources required to expand activity in climate change mitigation and biodiversity protection and enhancement.*
 - *£500K Investment Fund to invest in citywide projects and initiatives in Sustainability and Carbon Reduction.*
 - *£565k in 2019/20 of capital borrowing in the Capital Investment Programme to install solar photovoltaic panels on a selection of corporate buildings that*

will deliver financial savings to the council.

3.8 As identified at 3.7, £565k of capital borrowing was earmarked for solar photovoltaic (PV) panels on a selection of corporate buildings in 2019/20 subject to further approvals. This report seeks those further approvals. An additional £500k was allocated for 2020/21. The following sites have been provisionally selected for installation, subject to technical survey, grid connection agreements and (where appropriate) legal agreement and service reviews for future use:

- Whitehawk Community Hub North
- Roundabout Children’s Centre
- Portslade Library
- Housing Centre (subject to agreement with Freeholder)
- Craven Vale
- Knoll House
- Portslade Town Hall
- Withdean Sports Complex (subject to agreement with the council’s current tenant Freedom Leisure)

This portfolio offers the following carbon and financial savings:

	Size (kWp)	Capital Cost (Capex)	Net saving/income to BHCC (£, y1)	Payback year (inc inflation)	Annual carbon saving (tCO2e)
Portfolio	650.8	£563,114	£58,783	Year 8	168.1

Aside from electricity sales to Freedom Leisure, no income or subsidy has been included in the above figures. Work is ongoing to identify additional projects, however it is expected that a significant pipeline of financially viable solar PV retrofit work could be delivered.

3.9 Brighton & Hove City Council is moving away from the traditional linear economy where products are produced from raw materials and thrown away after use, and moving towards a circular approach. “A circular economy keeps products and materials circulating within the economy at their highest value for as long as possible, through re-use, recycling, remanufacturing, delivering products as services and sharing” (Ellen MacArthur Foundation definition). It offers opportunities to adopt new and innovative ways of keeping products, materials and resources at their highest value and in minimising waste - helping to significantly reducing carbon emissions and our impact on the environment. In addition to the environmental benefits, transition to a Circular Economy can provide cost savings for local authorities, businesses and residents, new business opportunities, job creation and increased city resilience in the context of resource security/future scarcity issues.

3.10 The city council is working on making Circular Economy central to the way we work, procure, commission and deliver our services - which will bring enormous opportunities for our city. It will support our local economy by facilitating ways for making better use of our assets, products, and skills. As set out in 3.3 the new Economic Strategy includes a commitment to develop a Circular Economy Framework (or Routemap). Early planning work, in partnership with Circular Brighton & Hove, is underway. It is proposed that the Routemap focuses on two

sectors initially: the built environment and construction; and the visitor economy. On 11 June Circular Brighton & Hove, in partnership with Design Brighton and the city council, held an initial event on the built environment theme. A similar stakeholder engagement event on the visitor economy is being held at the end of July. It is anticipated that an initial Routemap could be approved in late 2019. Once work on these two themes is developed and delivery underway, it is envisaged that the Routemap could be widened to include additional sectors. A third focus area on food is also being discussed. The annual Brighton & Hove Food Partnership conference on 18th July will be an early opportunity to begin scoping circular economy projects around food to include in the Routemap,

- 3.11 The 29th March 2019 report on the SCRIF set out priority themes for capital projects to be delivered through the fund. These are:
- Energy Efficiency, renewable and community energy development, including solar PV and district heating, in line with the emerging Greater Brighton Energy Plan
 - Biodiversity enhancement in the urban and rural estate in support of the Brighton Hove & Lewes Downs Biosphere Management Strategy
 - Active and Sustainable travel, and supporting the decarbonisation of the transport network
 - Green Infrastructure, Sustainable water and Sustainable Urban Drainage projects in line with the emerging Greater Brighton Water Plan and the Biosphere Management Strategy
 - Moving towards a Circular & Sustainable Economy in line with the Sustainable City objective of the Economic Strategy
 - Healthy, sustainable and fair food for all through the delivery of the City's Food Strategy
- 3.12 Following initial discussions, examples of project ideas for further consideration and potential development include:
- Establishing an energy efficiency revolving fund to deliver ongoing energy reduction projects across the corporate estate
 - Electric bike share pilot including docking stations and bikes (retrofit or new)
 - Active and sustainable travel planning for residents, visitors, employees and students
 - Encouraging electric vehicle uptake, including expanding the network of public 'fast' chargepoints in more residential areas and upgrading city council sites to be ready for the council's fleet to move towards electrification
 - Increasing community composting capacity at new and existing sites across the city
 - Biodiversity measures including butterfly banks and bee beds
 - Street tree planting
 - Green infrastructure and creation of new Sustainable Drainage Systems (SuDS) in the city
 - Provision of public drinking water fountains and water bottle filling points in high footfall areas of the city
- 3.13 The city council is planning to involve local stakeholders, through a variety of ways, including through the Biosphere Delivery Board and the Greater Brighton Infrastructure Panel, and is considering other ways to facilitate resident and

stakeholder engagement in supporting our city to become carbon neutral. It is envisaged that this could provide an opportunity for local experts, residents, local businesses and others to put forward potential climate action ideas that could be developed into SCRIF funded projects.

- 3.14 It is proposed that the city council takes a commissioning approach to projects, seeking out and funding projects that directly deliver against the themes set out at 3.11, above. It is envisaged that not all of the funding will be spent directly by the council on its own projects; and we will seek to work closely with city partners to jointly deliver projects where we feel this would maximise the environmental benefits. However, it is proposed that the focus should be on retaining control of how the money is spent and of avoiding the administrative time and expense of agreeing and monitoring funding agreements. For this reason it is suggested that the funding is initially focussed on projects that have been commissioned rather than holding an open bidding process. It is foreseen that there would be a small number of larger projects and numerous smaller projects. With this in mind, it is suggested that there is a maximum SCRIF contribution of £100k per project. At this stage a minimum project size is not being proposed. A draft Expression of Interest template is attached in Appendix 2. The projects will be assessed using an evaluation matrix to enable them to be objectively assessed using agreed criteria. A draft assessment template with scoring criteria is attached Appendix 3.
- 3.15 It is proposed that a Sustainability & Carbon Reduction Investment Fund Member Oversight Group (MOG) is established to oversee the SCRIF, including agreeing on project selection and monitoring projects in delivery. In terms of membership, it is proposed that the group comprises the Chair of Environment, Transport and Sustainability Committee, and the two opposition spokespersons. It is suggested that the Group meets on a quarterly basis for the first year, and then the frequency of meetings could be reviewed. Officers will undertake on-going monitoring of SCRIF projects, and updates on project delivery and spend will be reported to each meeting. In line with the city council's Constitution (Part 3.2 Para 18.13), the proceedings of the MOG shall be reported to Environment, Transport and Sustainability Committee. Please see Appendix 1 for draft Terms of Reference of the MOG.
- 3.16 Committee approval is sought to establish the Member Oversight Group for an initial period of 6 months as a 'task and finish' group. If the fund is not spent within this period, a further report will be brought to Committee requesting either to extend for up to one year or to establish a permanent group. If the recommendation at that stage is to establish a permanent group, then the Committee will be asked to approve terms of reference which will be included in the Council's Constitution.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 As set out at 3.14, the city council could distribute the fund as an open call for projects, but the administration and monitoring would create inefficiencies and limit the effectiveness of the fund.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 As referenced in 3.1 and 3.2 a number of petitions and notices of motion have been received requesting that the city council make new policy decisions and additional resource and officer time to put towards tackling climate and biodiversity emergencies. The Sustainability team has consulted key council services and discussed initial project ideas for SCRIF funding.

6. CONCLUSION

- 6.1 It is recognised that climate change and loss of biodiversity are very real challenges facing the planet, with there being very limited time left to take meaningful action. As a city, Brighton & Hove should be setting an example of how to both minimise our contribution to the problem and also prepare to mitigate and adapt to climate change. This funding will not fix all of these issues, meaning we need to focus the spend in a planned and strategic manner to deliver maximum benefits. It is anticipated that this will include leveraging in additional funding and, potentially, creating revolving funds.
- 6.2 The establishment of the SCRIF will help the city council take a lead developing and delivering projects around climate mitigation and adaptation, biodiversity protection and enhancement, and developing a circular economy.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 The Circular Economy approach is likely to have significant implications on the use of resources of the council. A future report will be received by this Committee to agree a final Circular Economy Route Map which will detail any relevant financial implications.
- 7.2 Capital funding of £500k towards investment in sustainability and carbon reduction was earmarked as part of the 2019/20 budget. Policy, Resources Growth Committee approval is required before the commencement of a capital scheme; this report therefore seeks approval for these capital funds to be used to establish a Sustainability and Carbon Reduction Investment Fund as detailed in this report. Capital budget from the SCRIF will be commissioned based on assessment criteria which includes meeting agreed priority themes, deliverability and budget implications, therefore supporting effective use of resources and the achievement of value for money. Expenditure can only be incurred on capital expenditure which involves acquiring and enhancing assets with a long-term value to the council.
- 7.3 It is anticipated that the SCRIF will enable the city council to access other external funding sources, such as being used for match funding. External funding is potentially an important source of income, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the council.
- 7.4 It is anticipated that the establishment of a Member Oversight group will result in increased administration; however the cost of this is expected to be minimal and will be funded from within approved resources. The purpose of the oversight group will be to oversee the SCRIF, including agreeing on project selection and

monitoring projects in delivery, and will therefore support effective use of resources.

- 7.5 The report details capital funding of £565k towards the installation of solar panels on corporate buildings earmarked as part of the 2019/20 budget. This report also seeks approval for the use of these funds towards the solar panel photovoltaic (PV) schemes highlighted in this report. The capital budget will be funded from borrowing under the Prudential Code over 20 years. The provisional sites selected for installation have been subject to a financial business case developed in consultation with finance officers to ensure that the expected energy cost reductions of the schemes will be sufficient to offset future financing costs. It is anticipated that the year one net financial benefit after financing costs for all schemes will be approximately £11k within the General Fund and £9k within the HRA, which will contribute towards service savings or service budget proposals.
- 7.6 This report seeks approval to delegate the decision to start the procurement process and award the contract for the solar panel photovoltaic (PV) schemes. The council's Contract Standing Orders state that contracts above the value of £500k require approval from the relevant Committee or executive decision-making body. The procurement process will be prepared on a basis to maximise economy and effectiveness, and will therefore support the achievement of value for money.

Finance Officer Consulted: Steven Bedford

Date: 11/06/19

Legal Implications:

- 7.7 The proposals set out in this report in relation to the Member Oversight Group accord with the recommendations in the report which is being presented at this Policy, Resources & Growth Committee titled Constitution Review. The Member Oversight Group is a 'task and finish' group as there is a limited fund available. However if it is not spent within 6 months, officers will seek an extension to one year or, if this is likely to be insufficient, will seek permission to establish a permanent group.
- 7.8 The Council will procure contracts for the installation of the Solar PV equipment and will then operate and maintain the solar PV equipment itself. The Council's legal team will ensure that landlord's consent is obtained where required.
- 7.9 The procurement of the solar PV contract outlined in this report must comply with the council's Contract Standing Orders and, where applicable, EU and UK public procurement obligations.

7.10 *Lawyer Consulted: Alice Rowland* *Date: 26 June 2019*

Equalities Implications:

- 7.11 The equalities implications of each of the projects the SCRIF supports will be considered as part of the assessment process of that project, as set out in Appendix 3.

Sustainability Implications:

7.12 The sustainability implications are contained in the body of the report.

Any Other Significant Implications:

7.13 None.

SUPPORTING DOCUMENTATION

Appendices:

1. Sustainability & Carbon Reduction Investment Fund Member Oversight Group Terms of Reference
2. Sustainability & Carbon Reduction Investment Fund Draft Expression of Interest form
3. Sustainability & Carbon Reduction Investment Fund Draft Project Assessment form

Background Documents:

Ellen MacArthur Foundation video 'Re-thinking Progress: The Circular Economy'
<https://www.ellenmacarthurfoundation.org/circular-economy/concept>

