

Subject:	Allocation of Carbon Neutral Fund		
Date of Meeting:	7 October 2021		
Report of:	Executive Director – Economy, Environment & Culture		
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Ward(s) affected:	All		

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 This report sets out proposals for the allocation of capital funding to support delivery of the 2030 Carbon Neutral Programme. Originally this funding was named Sustainability & Carbon Reduction Investment Fund (SCRIF) and initial allocations were made in 2019/20. Following approval of the 2030 Carbon Neutral Programme in March 2021, this council funding has been renamed the Carbon Neutral Fund (CNF).
- 1.2 In 2021/22 there is £3.9m CNF to support transport and travel projects and allocations were agreed at Policy & Resources Committee on 1 July. In addition, there is £3.218m CNF available to support delivery of climate action capital projects across the other themes included in the 2030 Carbon Neutral Programme. This report sets out proposals for the allocation of the £3.218m capital funding.

2. RECOMMENDATIONS:

- 2.1 That the committee approves the allocation of £3.110m of the Carbon Neutral Fund to the climate action projects as set out in Appendix 1 of this report.
- 2.2 That the committee agrees to delegate the decision to allocate the remaining £0.108m to the Executive Director Economy, Environment & Culture, in consultation with the cross-party 2030 Carbon Neutral Member Working Group as set out in paragraph 3.6.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The CNF supports the delivery of the 2030 Carbon Neutral Programme which was approved on 18 March 2021. The £3.218m capital funding available to support climate action projects comprises allocations made at Budget Council meetings in 2020 (£0.5m) and 2021 (£2.6m). The funding was 'paused' for part of 2020 due to the council's budgetary measures taken in response to Covid-19. In addition, there is £0.118m remaining funding carried forward from the initial Sustainability & Carbon Reduction Investment Fund (SCRIF) allocation made in 2019.

- 3.2 Furthermore, in 2021/22 there is £3.9m CNF to support transport and travel projects and allocations were agreed at Policy & Resources Committee on 1 July, along with allocations of the £1.4m from Climate Action Fund which was established to support the delivery of the 2030 Carbon Neutral Programme and to help achieve the outcomes of the Climate Assembly.
- 3.3 The 2030 Carbon Neutral Member Working Group (MWG) has oversight of the delivery of the 2030 Carbon Neutral Programme, including reviewing and monitoring the performance of the CNF projects. The MWG reports to this committee as part of its Terms of Reference. Following the decision made by this committee in March 2021, CNF allocations are agreed by Policy & Resources Committee. Previously, these were agreed by the SCRIF Member Oversight Group.
- 3.4 Council services were invited to submit Expressions of Interest (EOIs) for CNF funding, outlining their proposed climate action projects. There was a strong response and the call for projects was oversubscribed with a total funding request of £5.986m for the £3.218m funding available. This total funding request includes one pre-approved allocation of £0.110m to the Strategic Sustainable Drainage (SuDS) programme, as agreed by this Committee on 1 July 2021. The 20 EOIs were submitted by a wide range of council services. Since the last call for projects in 2019, there is increased engagement across the organisation in responding to the climate and biodiversity emergency and delivering climate action projects. The EOIs were assessed using four key criteria: (i) is the project included in the 2030 carbon neutral programme? (ii) is it capital spend? (iii) will it have high/medium impact on climate emissions? and (iv) is it deliverable in terms of spend starting in 2021/22?
- 3.5 The cross-party 2030 Carbon Neutral MWG considered the proposed CNF allocations on 9 September and discussed various elements such as the cost of tree planting, balancing woodland creation and reversing urban street tree decline, and local EV charging infrastructure (including for council services across the city).
- 3.6 The proposed allocation of this funding is set out in Appendix 1. It includes investment across the following themes: Energy & Water, Nature & Environment, Built Environment, Travel & Transport and Adaptation. There is £0.108m remaining to allocate and it is proposed that the decision is delegated to the Executive Director Economy, Environment & Culture, in consultation with the cross-party 2030 Carbon Neutral Member Working Group. It is anticipated that the unallocated £108k could be spent on new projects, unsuccessful projects that are adapted to meet the criteria for CNF or used to top up some of the approved projects to maximise their carbon reduction impacts.
- 3.7 Where appropriate the projects reviewed as part of this process (whether supported through CNF or not) will be proposed to TECC Committee as part of the Infrastructure Delivery Plan being developed by the Planning Team

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 Following review, seven EOIs are not included in the proposed allocation. Whilst these projects are not being recommended for this funding allocation, they are still projects that will be progressed as part of the wider 2030 Carbon Neutral Programme and alternative funding sources are being identified. The projects not being taken forward through the CNF in 2021/22 are outlined in Appendix 2 and cover the following themes: Solar Farm Stage 2 Feasibility, Low Emission Buses, Communal Bins, Food Waste Recycling, City Downland Estate Assessment Carbon Accounting and Natural Capital Baseline Assessment, Reuse Centre, and Construction Materials Exchange.
- 4.2 All EOIs were reviewed by Finance in terms of financial viability, and several were assessed as being revenue projects so could not be supported through this capital funding pot. Given the CNF is oversubscribed, some projects with potential access to alternative sources of funding were withdrawn. The remaining projects were assessed as being at a too early stage of development. However, it is important to note that it is anticipated that work will continue to develop the projects outlined in Appendix 2. These EOIs may be included in other project pipelines and work will be undertaken to identify alternative sources of funding.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 This proposed programme of investment for the CNF has been shared and discussed with the cross-party 2030 Carbon Neutral Member Working Group (MWG). In line with the group's Terms of Reference, the MWG will monitor the performance of CNF projects.

6. CONCLUSION

- 6.1 The 2030 Carbon Neutral Programme brings together a strong programme for climate action across all council directorates, working with a range of partners. This helps to set the direction for the council to fulfil its ambition to become a carbon neutral city by 2030.
- 6.2 The CNF will help to accelerate climate action projects led by the city council. The proposed project list in Appendix 1 is considered to meet the criteria established for the allocation of the £3.218m from the CNF budget to support the delivery of 2030 Carbon Neutral capital projects.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 Funding was identified within the Capital Investment Programmes for the Sustainability and Carbon Reduction Fund in 2019-20 and 2020-21 of £0.5m each plus a further allocation of £2.6m in 2021-22 for the Carbon Neutral Fund. The 2019-20 supported a number of projects that bid for that funding. The balance remaining alongside the 20-21 and 21-22 allocation now supports the Carbon Neutral Fund identified within this report.
- 7.2 The fund is primarily available to support the delivery of the 2030 Carbon Neutral Programme, however, some projects will deliver financial savings particularly around energy efficiency. It is expected that these savings will be used to support

the replenishment of the Schools Energy Efficiency Reinvestment Fund to support future energy saving projects. Furthermore, in some cases the Carbon Neutral Funding investment will provide support towards schemes that require match funding such as the Transport Air Quality Monitoring project.

- 7.3 The individual schemes as at Appendix 1 will be incorporated into the council's Capital Investment Programme for this financial year and will be reported and monitored through the TBM budget monitoring process.

Finance Officer Consulted: Rob Allen

Date: 14/09/21

Legal Implications:

- 7.4 There are no direct legal implications associated with approving the allocation of the CNF budgets. Any relevant legal issues will be considered when individual schemes are brought forward for implementation.

Lawyer Consulted: Alice Rowland

Date: 13/9/21

Equalities Implications:

- 7.5 Carbon reduction measures will be reviewed to ensure they meet the city council's fair and inclusive principles. Equalities implications will be assessed during project development and delivery. Individual projects will undertake an Equalities Impact Assessment, as appropriate, as part of the project planning stage.

Sustainability Implications:

- 7.6 The 2030 Carbon Neutral Programme is the council's main response to the climate crisis and there are sustainability implications throughout. The Carbon Neutral Fund will help support delivery of the climate action projects included in the programme, many of which have co-benefits such as enhanced biodiversity, improved air quality and improved public health.

Brexit Implications:

- 7.7 Brexit impacts significantly on the council's ability to effectively collaborate with European partners on sustainability measures via EU funded projects. However, there are still some EU opportunities open to the UK and officers aim to maximise local benefit from these.

Any Other Significant Implications:

Risk and Opportunity Management Implications:

- 7.6 Strategic risk 36 – Not taking all actions required to address climate and ecological change and not making our city carbon neutral by 2030 – is managed

at quarterly risk review sessions and is also discussed at Audit & Standards Committee at least annually.

Public Health Implications:

- 7.7 The programme has many co-benefits relating to public health. For example, tree planting and enhancing green spaces in the city has a beneficial impact on mental and physical health and wellbeing; and reducing emissions from transport assists in improving air quality and therefore people's health.

SUPPORTING DOCUMENTATION

Appendices:

1. Table: proposed allocation of Carbon Neutral Fund 2021/22
2. Table: projects not being taken forward through the Carbon Neutral Fund 2021/22

Background Documents

- 1.
- 2.

