

# Waverley Borough Council

Report to: Executive

Date: 3 October 2023

Ward(s) affected: All.

Report of Director: Transformation & Governance

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Report Status: Open

## Carbon Neutrality Action Plan Annual Update 2023

### 1. Executive Summary

This report provides the third annual update of the Carbon Neutrality Action Plan (since its adoption in 2020). It has been a year since the previous update was presented in October 2022.

Waverley Borough Council's organisational GHG emissions in 2022/23 were 3,233 tonnes CO<sub>2</sub>e, a 39% reduction from the base line year. A trajectory report has been updated with a target of 2,821 tonnes of CO<sub>2</sub>e for the year 2023/24 for us to remain on target. This includes an assumption that offsetting (ie solar farm and tree planting) will be included.

APSE Energy have forecast the capital cost to achieve net zero carbon for corporate assets, including Waverley owned vehicles is in the region of £2.98 million. A further estimated £4.1 million will be required to decarbonise the council's leased assets.

The Housing Asset Management Strategy identified it would cost £96 million to improve energy efficiency and decarbonise Waverley's housing stock to ensure that Waverley housing is net zero by 2030. Housing is not specifically included in our figures but net zero remains a target.

The Waverley wide emissions for 2021, the latest reported figures, have reduced by 18% from the baseline year. A 35% year on year reduction in emissions would now be required for the Waverley Borough to be carbon neutral by 2030. This highlights the need to focus on a wider communications strategy across the borough.

A high number of major sustainability projects have been completed this year including decarbonisation projects as well as feasibility studies for further decarbonisation, renewable energy, and low carbon installations. Many new council strategies and policies focusing on sustainability have been adopted or are currently going through the Committee approval process.

Funding including the Public Sector Decarbonisation Fund, Empty Homes Grants, UK Prosperity Fund, CIL contributions and Section 106 have been secured to fund £1,050k worth of projects. £289k of the Climate Change reserve has been spent or earmarked for projects and the non-earmarked Climate Change Reserve now stands at £11K.

## **2. Recommendation to Executive**

That the Executive:

- a) Endorses the updated content of Version 4 of the CNAP as presented in Annexe 1.
- b) Notes the progress made on the CNAP during 2023 attached as Annexe 2

- c) Considers the financial summary in Annexe 3 and agrees to review a proposal for a top up budget for the Climate Emergency Reserve at the next budget setting.
- d) Agrees in principle to reviewing a budgetary framework at the next budget setting that could enable revenue from income generating climate projects to be used to fund further climate change projects.

### **3. Reason(s) for Recommendation:**

3.1. To ensure that

- i. the Executive is up to date with the council's progress on its response to the Climate Emergency
- ii. there is increased capacity for priority being given to the council's climate change strategy in view of the accelerating threat of climate change.

### **4. Exemption from publication**

4.1 No

### **5. Purpose of Report**

5.1. This report provides the third annual update of the Carbon Neutrality Action Plan (CNAP) since its adoption in 2020. The report is aligned with the budget setting period. The outcomes of the work to date are set out in the revised CNAP and the spreadsheet with updates on individual actions.

### **6. Strategic Priorities**

6.1. This report is directly linked to the delivery of the following vision and aims of the Corporate Strategy

Our vision:

- A sense of responsibility by all for our environment, promoting biodiversity, championing the green economy, and protecting our planet

Our strategic priorities:

- Taking action on Climate Emergency and protecting the environment
- Improving the health and wellbeing of our residents and communities

## **7. Background**

- 7.1. In December 2020 the Council adopted the Carbon Neutrality Action Plan (CNAP) 2020-2030 which contained a collection of actions that sets us on the path to deliver Waverley's net zero carbon by 2030 target. This report provides the third annual progress update against the priority areas within the plan.
- 7.2. The plan was adopted as a "live document" that will continually evolve to reflect further funding, policy, and technological changes as well as opportunities for new projects. Three years on, there has been progress in a number of areas that this report aims to celebrate. But it is important to highlight the scale of work that is still required and accelerate progress.

### **Action plan progress update**

- 7.3. In July 2023, APSE Energy conducted a second review of Waverley's greenhouse data and trajectory as set out in the CNAP. This work has helped prioritise and quantify certain initiatives and provides a financial projection in terms of the cost of delivering the council's net zero carbon target. Some of the main recommendations of this work were around decarbonizing heat in the larger council assets; the continued switch to zero emissions vehicles; and waste fleet decarbonisation; review of maintenance policies and considering carbon life cycle costs. The report also focuses on developing and

rolling out renewable heat and power generation projects, as well as tree planting and biodiversity improvement schemes to offset carbon emissions.

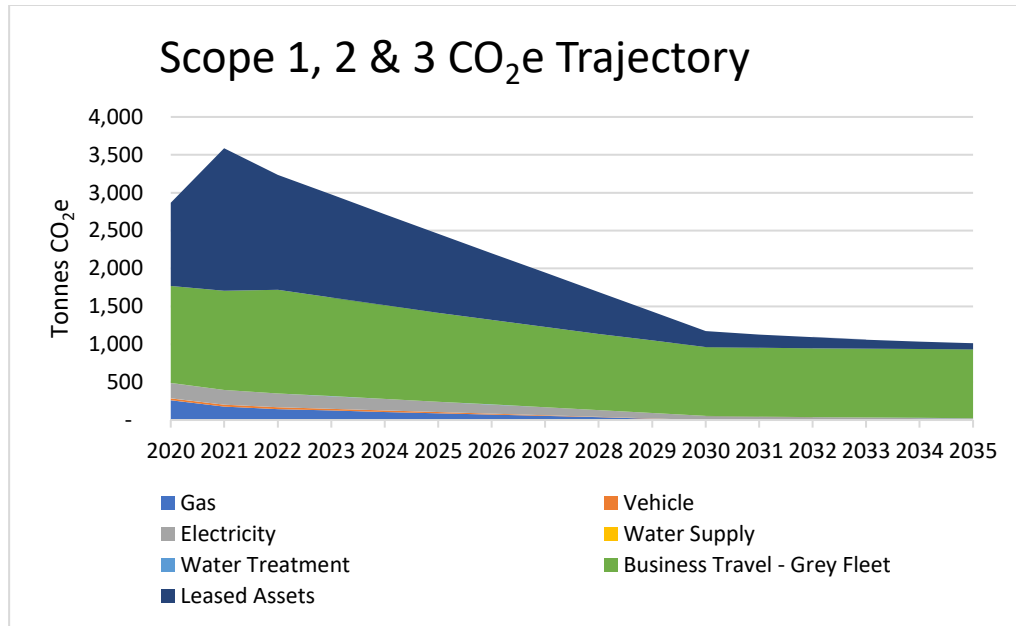
- 7.4. A number of feasibility reports and energy audits were carried out in 2022/23. These will help prioritise projects that support the delivery of the CNAP. The action plan is a continually evolving document. Annexe 2 represents an update of each individual action, since the previous update presented in October 2022, including a RAG rating for quick reference of progress.
- 7.5. Councils are required to monitor their non-domestic organisational GHG emissions and publish an annual progress report. This process will remain the method of monitoring progress against Waverley’s net zero carbon by 2030 target. Waverley’s GHG Report 2022/23 was completed and published in July 2023.
- 7.6. Waverley’s organisational GHG emissions in 2022/23 were 3,233 tonnes CO<sub>2</sub>e. The overall emissions compared to the baseline year 2015/16 have reduced by 39%.
- 7.7. Organisational emissions are only one theme amongst the seven contained within the CNAP. Some of the key achievements from each priority area are summarised in Table 1 below.

Organisational Emissions	Active Travel and Air Quality	Energy Generation
Memorial Hall decarbonisation project completed including installation of an Air Source Heat Pump and Solar PV.	Public EV Chargers installed with roll-out plan for more. Working in partnership with SCC to install on-street EV chargers.	5 solar PV arrays installed including Memorial Hall and Leisure Centres which now supply over 6% of Waverley’s overall electricity demand.
Four electric vehicles and one hybrid vehicle in the Council’s fleet	Four bike shelters installed across car parks in Waverley.	Continuing investigation of feasibility for Solar PV installations in other areas.
Reduced emissions from less commuting. 35% reduction in business mileage emissions since 2015/16.	Clean Air Strategy and Air Quality Action Plan adopted.	
Energy audits completed with actions to installing energy efficiency measures on the most appropriate.	Local Cycling and Walking Infrastructure Plans being finalised for Farnham and Waverley.	

<p>Energy efficiency measures and staff behaviour changes in Leisure Centres resulted in carbon emission reductions of 21% over all the centres.</p> <p>Sustainable Procurement Policy introduced.</p>	<p>Godalming Greenway Gateway project acquired CIL funding for approx. 60% of the total cost. Additional shared prosperity funding for a further 20% has been secured. Route has been selected with detailed design and costing work procured by the end of financial year 2022/23.</p> <p>Continued support for the SCC Guildford – Godalming Greenway project through the detailed design stage, including agreeing a new, lower impact, route across the Lammas Lands.</p>	
<b>Built Environment</b>	<b>Waste and Resources</b>	<b>Land Use and Adaptation</b>
<p>83% of council homes have an Energy Performance Certificate rated C or above.</p> <p>Housing Asset Management Strategy adopted in April 2022 committing to pro-actively decarbonise council homes.</p> <p>Climate change Supplementary Planning Documents was adopted by the council on 18 October 2022 and is now a material consideration when determining planning applications in Waverley.</p> <p>Successful bids for Sustainable Warmth Fund and Home Upgrade Grants for installation of 75 energy efficiency measures for vulnerable residents in Waverley.</p> <p>Promoted group buying scheme for residents to purchase solar PV.</p>	<p>Pilot scheme to trial HVO in place of diesel in refuse collection vehicles reduced emissions by 4%</p> <p>Two contractors are in the process of transitioning vehicles from diesel to electric and hybrid.</p> <p>Reduction in the amount of waste collected compared to 2021/22.</p> <p><b>Green Economy</b></p> <p>Working with businesses across the borough to help them become more sustainable.</p> <p>New Economic Development Strategy produced for adoption with focus on Sustainability.</p> <p>Decarbonisation Loan Schemes and capital grants on offer from UK Shared Prosperity Fund and Rural England Prosperity Fund.</p>	<p>Pesticides Policy and Action Plan adopted.</p>
Table 1. Key achievements		

## Revised Carbon Neutrality Action Plan

- 7.8. The CNAP was always intended to be a live document that continually evolves in terms of its delivery path while still retaining the vision of becoming a net zero carbon authority by 2030. Taking into account the work that has taken place to date a revised action plan has been produced and presented as part of this report. Annexe 1 presents the 2023 version of the CNAP that includes an updated trajectory for the council's own, non-domestic emissions. The latest CNAP version also includes a table that outlines all the completed actions to date.
- 7.9. The biggest impact to Waverley's path to net zero carbon will be from decarbonising heat in council assets and by replacing gas boilers with heat pumps. In combination with other electricity reducing interventions and the gradual switch to electric vehicles for Waverley's own fleet a trajectory has been produced using the APSE tool to indicate a more specific pathway to net zero carbon. The graph below provides a trajectory should a programme be introduced to replace gas boilers with heat pumps on the higher emitting buildings in Waverley's non domestic portfolio and the leisure centres. The trajectory also includes the impact of switching the waste fleet to using biodiesel until technology development enables the switch to electric or hydrogen fuelled refuse vehicles. Imposing a zero emissions requirement on contractors at contract renewal would significantly reduce or eliminate the business travel element.



## Forecast capital cost for delivering the action plan

- 7.10. According to the trajectory report produced by APSE Energy, the forecast capital cost to achieve net zero carbon for corporate assets, including Waverley owned vehicles but not third-party owned vehicles, is in the region of £2.98million. A further estimated £4.1million will be required to reduce the energy usage and install heat pumps in the council's leased assets.
- 7.11. The above costs are indicative and are based on certain assumptions in order to demonstrate the scale of the investment required however it does exclude a major area of emissions which is contractor vehicles. It is therefore important that the council moves rapidly towards procurement requirements specifying zero emissions only vehicles to be used.

## Finance and Budget updates

- 7.12. The climate emergency work has an allocated reserve fund of £200k which was approved in 2020. A further £100k was committed during the 2022/23 budget setting. The fund is mainly intended to pump prime and help develop projects. £289k of this fund has been



earmarked /committed to date. A breakdown of the funding allocation is provided in Annexe 3.

- 7.13. In addition, there is a £100k ongoing budget that supports the delivery of the CNAP. The majority of this budget is allocated to staffing.
- 7.14. Where possible, other sources of funding are being explored to support the delivery of the CNAP. Annexe 3 also provides a summary of additional sources of funding that have been secured to deliver projects that directly contribute to Waverley's climate emergency commitments.
- 7.15. External funding options are continually explored to maximise delivery. The Public Sector Decarbonisation Scheme (PSDS) is the main government source of funding available at present. A sum of £63k was secured in 2021 to decarbonise the Memorial Hall in Farnham. An additional funding bid to decarbonise Farnham Leisure Centre was submitted in 2021 and 2022 but was unfortunately unsuccessful. The next round of the PSDS is due to open in October 2023 and bids are being prepared for this round.
- 7.16. A bid for the Social Housing Decarbonisation Fund was made in February 2023. Unfortunately, this bid which was made via Surrey County Council as a collaboration was also unsuccessful. A further bid is expected to be made for the next round.
- 7.17. £800k from government schemes was used on energy efficiency measures for vulnerable Waverley residents in fuel poverty.
- 7.18. Whilst external funding will be sought wherever possible only £11k of the Climate Reserve remains once all the current identified projects are delivered. To promote and facilitate future projects using the Climate reserve would require a top up for 2024/25. At the next budget setting it is proposed to review whether a budgetary framework could be implemented that would enable revenue from income generated from carbon reduction projects be used to fund further climate change projects.

## **8. Consultations**

- 8.1. Shared with the Climate Change Executive Working Group on 20<sup>th</sup> September 2023.

## **9. Key Risks**

- 9.1. Not directly relevant in this instance as the report is primarily for information. However, lack of progress in this area of work will have significant reputational consequences.

## **10. Financial Implications**

- 10.1. The approved 2023/24 budget includes £100k for ongoing costs of delivery of the action plan. The climate change project reserve for one-off project costs was provided for in prior financial years and this continues to be drawn down from.
- 10.2. Currently, any further funding needs will require a supplementary estimate or Waverley will need to achieve external funding such as grants, S106 or CIL funding. The team continue to bid for external funding to support the CNAP delivery.
- 10.3. Some projects may offer savings to Waverley, therefore improving the financial situation of the council; the financial impacts of each project will be considered on a case by case basis.
- 10.4. The General Fund MTFP forecast for 2024/25 as approved at February 2023 Council currently forecasts a budget gap of £1.381m. Any additional contributions to the climate change reserve will increase this budget gap unless other savings can be identified.

## **11. Legal Implications**

- 11.1. The action plan is not a formal Council policy, although it is required as a result of the Council's policy direction enshrined in the Climate Emergency Declaration. Whilst the plan is a valuable enabling and

monitoring tool it does not approve specific projects or actions, accordingly there are no direct legal implications arising from the plan.

- 11.2. Any specific projects arising from the plan will have to meet the Council's legal and governance frameworks to ensure that all relevant material factors are considered, in light of appropriate professional and technical information.

## **12. Human Resource Implications**

- 12.1. Staff resource to support projects will be met within current staffing levels at this stage. Any additional requirements will be met from the project budgets.

## **13. Equality and Diversity Implications**

- 13.1. Equality impact assessments are carried out, when necessary, across the council to ensure service delivery meets the requirements of the Public Sector Equality Duty under the Equality Act 2010. The greatest impact of climate change is often felt by the most vulnerable in the community and it is consistent with Waverley's corporate policy to ensure that the cost of climate change measures does not fall more heavily on those who are least able to afford it.

## **14. Climate Change/Sustainability Implications**

- 14.1. This report is directly linked to the delivery of the aims of the Climate Emergency, one of the Councils key priorities, which is also part of the service plan.

## **15. Summary of Options**

- 15.1 Not applicable to this report

## 16. Conclusion

- 16.1 Meeting the net zero carbon by 2030 target is an ambitious and challenging task and heavily relies on government support and technological development. It also requires significant financial commitment from Waverley.
- 16.2 It is essential that we plan the switch from carbon intensive gas for heating buildings to sustainable electricity. Hydrogen technology is not mature yet so heat decarbonisation will heavily rely on the use of Air Source Heat Pumps and renewables. They can be costly and technically complicated to achieve for retrofit projects.
- 16.3 A whole building approach is the most efficient way of addressing energy reduction of individual buildings. Over the last year energy audits have been carried out on several of our own buildings. The findings of these audits will be used to cost and prioritise the decarbonisation of Waverley's estate and provide project proposals ready to be put forward for external funding.
- 16.4 The waste contract emissions accounted for 30% of the council's emissions in 2015/16. In a 2022/23 pilot scheme 40K litres of Hydrotreated Vegetable Oil (HVO) was trialled in places of diesel which contributed 4% reduction in emissions. Converting the fleet to using high grade biodiesel is a relatively straightforward option that would have a significant impact on our carbon emissions. However, in the last year prices have increased significantly. Waverley Borough Council contributed £50k towards the cost of 40k litres of HVO in 2022-23 but there is no budget allocation for this to continue into 2023-24. The decarbonisation of the waste fleet is a matter that needs to be dealt with by the council as a matter of urgency.
- 16.5 Each project that requires funding will be brought forward individually with a business case to support it. Government funding is available but limited in terms of the total value available in relation to the number of local authorities bidding for it. Funding pots are often oversubscribed within hours of the bidding platforms opening.

Therefore, significant council investment will also be required to fulfil this ambition.

16.6 Even if Waverley follows the proposed trajectory there will be a shortfall of emission that in the short term cannot easily be eliminated due to procurement limitations. Energy generation (ie solar) is critical to achieving our net zero target, either directly connected to Waverley assets or sold through a Power Purchase Agreement to a private recipient. Energy generated and sold can be claimed to offset Waverley’s unavoidable emissions while at the same time provide reduction in energy costs and increase in energy security. Offsetting will be an essential element of achieving carbon neutrality and these options need to be considered in parallel to decarbonisation. Waverley are currently looking at proposals for a solar farm, solar canopies over car parks and roof top solar on council owned properties. These opportunities should be maximised and planned as early as possible.

## 17. Appendices

17.1 Annexe 1 – CNAP Annual update 2023

17.2 Annexe 2 – CNAP Working Spreadsheet 2023

17.3 Annexe 3 – Expenditure Summary

Please ensure the following service areas have signed off your report.  
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<b>Service</b>	<b>Sign off date</b>
Finance / S.151 Officer	Rosie Plaistowe – 17 August 2023
Legal / Governance	Jayne La Grua – 15 August 2023
HR	
Equalities	
Lead Councillor	Cllr Steve Williams – 3 August 2023

CMB	22 August 2023
Executive Briefing	5 September 2023
O&S	Unable to go to either O&S
Executive	3 October 2023