

## **SLOUGH BOROUGH COUNCIL**

**REPORT TO:** Overview and Scrutiny      **DATE:** 25 February, 2010

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### **PART I** **FOR INFORMATION**

#### **SLOUGH BOROUGH COUNCIL'S CARBON MANAGEMENT PLAN 2009 - 2010**

##### **1. Purpose of Report**

To update members on the Council's Local Authority Carbon Management Programme. Slough Borough Council is currently working with the Carbon Trust on the Local Authority Carbon Management Programme Phase 7 (LACM7). The Council has set a target to reduce carbon emissions from Council operations by 40% off a 2008/09 baseline<sup>1</sup> of 31,540 tonnes of carbon dioxide (CO<sub>2</sub>) by April 2014. The Council has established a Carbon Management Programme Board and Project Team that have identified potential projects which will generate future carbon and financial savings.

##### **2. Recommendation(s)/Proposed Action**

Members are invited to note the report and:

- a) Consider the progress of the Carbon Management Programme.
- b) Support the proposal that the draft Carbon Management Plan (at Appendix A) is considered by Cabinet on 8 March 2010.
- c) Support the activities listed in Section 4 of Appendix A of this report.

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<sup>1</sup> Up to date data on the Councils' energy usage is collected for all buildings (including schools), street lighting, the transport fleet, transport while on official business and contracted-out services. It is held centrally by the Performance and Projects team and analysed by the Property Services team and the Carbon Management Programme manager, then reported annually to the Department for Energy and Climate Change (DECC) as performance indicator NI 185 for independent verification

### 3. Community Strategy Priorities

Slough's Carbon Management Plan 2009 – 2010 supports the Council in developing a “**Cleaner, Greener place to live, Work and Play**”.

### 4. Other Implications

- a) **Financial** - Carbon reduction projects have to date been undertaken using a combination of capital and revenue budgets. The Programme will continue to be largely funded by existing resources - although the adoption of an asset management style approach to carbon management across the Council would ensure the efficient, effective and economic use of these budgets across the Programme.
- b) **Risk Management** - Local Authorities are coming under increasing pressure as leaders of the community to demonstrate action on reducing carbon dioxide (CO<sub>2</sub>) emissions, the key greenhouse gas implicated in climate change. As a Local Authority we will work with the wider community to encourage a low carbon lifestyle, and must be seen to be doing the same. Additionally, financial benefits can be considerable by taking this route of action.
- c) **Human Rights Act and other legal implications** - The recommendations contained in this report are compatible with the provisions of the Human Rights act 1998. There are currently no direct legal implications to developing a Carbon Management Programme.
- d) **Equalities** - An Equalities Impact Assessment has not been undertaken. Climate change is a universal issue and the proposals contained in this paper will not disproportionately impact on any one section of the community.
- e) **Environmental Appraisal** - Climate change is recognised as one of the most important national and international issues of current times. The Carbon Management Plan is intended to ensure that Slough Borough Council makes major progress on reducing its energy consumption and therefore its CO<sub>2</sub> emissions across its own operations.
- f) **Sustainability** - The Programme will result in the reduction of the Council's carbon footprint, therefore contributing to the sustainability of the Borough.
- g) **Efficiency** - The Programme will result in improved efficiencies through reduced fuel bills for both buildings and fleet vehicles, and has the potential to result in longer term efficiencies, with limited initial financial outlay.

- h) **Health and Well Being** - The Programme will result in recommendations to improve the energy efficiency of the Council's buildings, which could result in improved working conditions for employees.

## **5. Supporting Information**

### **Background**

- 5.1 The UK's direct emissions of carbon dioxide (CO<sub>2</sub>) are known to be in the region of 560 million tonnes per annum, 8% (45million tonnes) of which are from the public sector. The Government's target is to reduce the UK emissions by 34% by 2020 and 80% by 2050.
- 5.2 As one of the largest employers in Slough, the Council's activities result in significant carbon emissions. By tackling carbon emissions arising from its own activities, the Council is setting an example and showing leadership to the rest of the community and businesses in Slough as well as contributing to the delivery of national reduction targets.
- 5.3 Slough Borough Council is committed to tackling climate change and has the aspiration of becoming climate neutral by 2020. The Council has also signed the Nottingham Declaration on Climate Change and is developing Climate Change Strategy for publication in March 2010. As an Authority we are particularly keen to move carbon reduction up the political agenda and make a real difference to residents and the local community.

## **6. Drivers for Carbon Management within Slough Borough Council**

### **6.1 Policy Obligations and Drivers**

- (a) **The Carbon Reduction Commitment (CRC):** The Government has introduced a mandatory "cap & trade" carbon emissions trading scheme, commencing April 2010, for which participating organisations (including Slough Borough Council) will have to purchase 'carbon allowances' or credits, which will cost £12 per tonne of CO<sub>2</sub> emitted in the first three years of the scheme, with the price being determined by the market each year thereafter. Each year the number of credits available for purchase will reduce forcing participating organisations to either pay a higher rate (it could be as high as £50 per tonne of CO<sub>2</sub>) or to implement emissions reductions and buy allowances to cover the difference. There is also a league table associated with this obligation which is open to public scrutiny, as well as fines for the worst performing 10% of participants and financial rewards for the best. The current estimate of the financial burden to the Authority under this

obligation is approximately £198,924<sup>2</sup>. At present the Council has no budget set aside to cover the costs of the CRC, believing it better to take early action to reduce its carbon emissions.

- (b) **National Indicator 185 – Percentage CO<sub>2</sub> reduction from LA operations:** The public sector is in a key position to lead on efforts to reduce CO<sub>2</sub> emissions by setting a strategic example to the private sector and the communities they serve. Measurement against this indicator requires local authority's to calculate their CO<sub>2</sub> emissions from an analysis of the energy and fuel used in their relevant buildings (including schools), street lights, business travel and across their transport fleet, including where these services have been outsourced. Slough submitted its NI185 baseline to Defra in August 2009.
- (c) **NI186 – per capita CO<sub>2</sub> emissions in the LA area:** Local authorities are uniquely placed to provide vision and leadership to their local communities by raising awareness and by influencing behaviour change. The percentage reduction in CO<sub>2</sub> per capita in each LA is being reported annually. This is being produced by Central Government based on CO<sub>2</sub> emissions in the Local Area from business and Public Sector, domestic housing, and road transport.
- (d) **Display Energy Certificates:** All public sector buildings with a floor space over 1,000 m<sup>2</sup> are legally required, from 1<sup>st</sup> January 2009, to show a Display Energy Certificate (DEC) in a prominent position, usually in the foyer. DEC's rate a building's energy efficiency from A to G and usually include a recommendation report suggests how a buildings ratings may be improved. Slough Borough Council has produced DEC's for 43 buildings over 1000 m<sup>2</sup> (including 33 schools).
- (e) In addition, under the **Comprehensive Area Agreement**, Councils have to report to the Audit Commission on how they as an Authority are reducing their use of natural resources and impact on the environment.

## 6.2 Slough Borough Council's own drivers

- (a) Slough Borough Council is committed to making the Borough a good place to live, work and visit now and in the future. An objective within the Council's Sustainable Community Strategy and Strategic Plan 2009 – 2011 is to 'Enjoy a High Quality Environment'. A priority within

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<sup>2</sup> The Council's baseline for the CRC is currently estimated to be 16,577 tonnes/ CO<sub>2</sub>. At £12 per tonne this equates to a cost of £198,924 for carbon allowances in 2011/12. The CRC process for 2011/12 is as follows: (a) the Council DECC by July 2011/12.(c) Council submits annual report for 2010/11 by end July 2010/11. (d) Council surrenders allowances by end July 2011/12. (e) The Council receives a revenue recycling payment by end October 2011/12. The revenue recycling payment will be based on the Council's performance in reducing its emissions and its position in the CRC league table. The net cost to the organisation will therefore be the difference between the allowances purchased and the amount received for the revenue recycling payment.

this is 'To do what we can as an organisation to enhance the Borough's environment now and for future generations'. This includes a commitment to introduce environmentally sustainable practices where ever possible and practicable.

- (b) As an organisation, the Council recognises that its decisions can have an impact on the environment and sustainable development, both locally and globally. Many of the goods and services we buy can cause damage to the environment or public health through the use of raw materials, the manufacture of goods and their distribution, use and disposal.
- (c) To achieve the Council's objectives relating to environmental sustainability, we recognise that we should take a positive lead in reducing our impact on the environment - by taking measures to increase our energy efficiency, which will in turn help us reduce our energy costs. This is particularly important for the future given the predicted increases in energy prices. Energy and fuel costs have seen a dramatic rise in recent years, with energy prices increasing by well over 50% since 2004. This trend is not expected to change and we must accept that the price we pay for our energy will continue to increase in the coming years. For this reason cost is one of the Council's own key drivers; cost savings will mean greater efficiency in the use of the Council's public funding.

## **7. The Carbon Trust Local Authority Carbon Management (LACM) Programme**

- 7.1 Slough Borough Council was selected in 2009, amidst strong competition, to take part in the Carbon Trust's ambitious Local Authority Carbon Management (LACM7) Programme. The aim of this Programme is to help Authority's realise vast carbon and cost savings. A Carbon Management Plan is being developed (the copy at Appendix A is a draft and therefore represents a work in progress), committing the Council to a target of reducing CO<sub>2</sub> emissions across its own estate (i.e. buildings (including schools), street lighting, business travel and across our transport fleet) by 40 % by April 2014.
- 7.2 The LACM7 follows a 5 step process, which we have followed closely in order to ensure that we have gained maximum benefit from participating in the Programme:

**Step 1: Mobilise the organisation** – The Council established a Carbon Management Programme Board and Project team with a Programme Sponsor, Councillor Sponsor, Programme Manager and Deputy Programme manager in May 2009.

**Step 2: Set baseline, forecast and targets** – The Council identified its baseline data for the period 2008/09 in the summer of 2009. This allowed the Programme Manager to produce emissions forecasts and

calculate the value at stake (i.e. the financial implications) to the Council of our participating in the Programme (using the price of energy, price of carbon, cost of compliance and cost of complying with voluntary commitments).

**Step 3: Identify and quantify options** – The Carbon Management Project Team have since June 2009 been involved in identification of potential opportunities and projects for carbon reduction across the organisation. Data was gathered in, priorities drawn up, and the feasibility of various projects and opportunities assessed (quantified) in order to produce a coherent and deliverable plan of action for the Programme.

**Step 4: Finalise strategy and Implementation Plan** - The Carbon Management Project Team, has compiled a draft Carbon Management Plan (see Appendix A). This Plan was submitted to the Carbon Trust on 24<sup>th</sup> December 2009 for comment and scrutiny. Feedback was provided to the Council's Carbon Management Programme Board in January 2010 for incorporation into the Council's next DRAFT. A finalised Carbon Management Plan will be submitted to the Carbon Trust for final "sign off" and then through due procedure to full Council for adoption in the spring of 2010.

**Step 5: Implement Plan** – Although this is the final step of the Carbon Trust's Programme, it is in fact the start of a four year cyclical process which will involve implementing, delivering and monitoring each of the individual projects comprising the Plan. Implementation of the Plan will commence 1 April 2010. The Programme will be overseen by a dedicated Programme Manager, who will coordinate activities and projects undertaken across the Programme using Slough's Project Management Framework. Respective Project Team members will manage individual projects on a day to day basis, reporting progress to the Programme Manager at fixed points throughout the life of each project. The Programme Manager will in turn report progress against the Programme targets to the Carbon Management Programme Board and Climate Change Partnership Delivery Group (PDG) of Slough Forward at fixed points throughout the programme. This will ensure that each of the projects conceived and undertaken during the Programme are effectively planned, managed, documented and assessed at each stage in their delivery.

An annual Carbon Management Report will also be prepared for endorsement by the Carbon Management Programme Board, the Climate Change Partnership Delivery Group (PDG) of Slough Forward, the Corporate Management Team and elected members at the end of each financial year, up to and including 2014. The report will include details of the

- projects implemented in that year /stage of the Programme
- CO<sub>2</sub> savings against targets

- financial savings achieved
- new project opportunity identified; and
- the value and sources of project funding.

## 8. **Strategic Themes**

- 8.1 Slough's Sustainable Community Strategy expresses the need to use Slough's planned future growth to benefit local people by improving the quality of life, raising aspirations and narrowing the gap between the most affluent and the most deprived parts of the Borough. The 'Environment theme' of our Community Strategy and Strategic Plan specifically commits Slough to reducing the Borough's CO<sub>2</sub> emissions by 20% and having public transport and the Council vehicles running on cleaner fuel by 2028. One of the aims of the Carbon Management Programme is therefore to help meet these broader sustainability targets. This Programme will also contribute to the Council's overall Strategy for Climate Change (which is in development) and its commitments under the Nottingham Declaration.
- 8.2 Six strategic themes have shaped the development of this Programme and the Council's forthcoming Carbon Management Plan:
- **Communications:** In order for this Programme to be successful, Involvement is required from all Slough Borough Council staff at every stage of the Programme. A communications plan is being developed to maintain staff's interest in the Programme and the Council's network of 'green office champions' will take a central role in promoting the Council's carbon reduction aspirations and targets across the organisation.
  - **Financial Momentum:** With the help of the Carbon Trust we plan to develop a new £1 million Salix "invest to save scheme" to help fund carbon emission reducing projects, which will enable us, after an initial input of funds, to invest in measures that over time, will make savings which can then be reinvested in further energy saving measures. This should give us the required momentum to meet our carbon dioxide emissions reduction targets.
  - **Sustainable Buildings:** In order to achieve significant energy savings and reduce carbon, it is vital that all new buildings in Slough must be designed to be as energy efficient as possible. At the outset of the project, we identified, with the help of the Carbon Trust, a number of immediate savings which could be made, through improving the efficiency of some of our key buildings. Our list of prospective projects captures an ongoing rolling programme of improvements and efficiencies across the majority of our buildings, both new and old, which will be a central theme in our Carbon Management Programme
  - **Information Technology:** IT Services have involved from the outset of this project. It is recognised that ICT have a key role in reducing the Council's carbon emissions, both in terms of the direct implications of new ICT systems, solutions operations, and also in terms of ICTs contribution to the wider sustainability agenda.

- **Leadership from the Top:** The Council's involvement in and commitment to the Carbon Trust's LACM7 Programme has been supported from the start by the Director of Transformational Change, who has continued to be involved in the process throughout the Programme. This high level support has been met throughout the Council, backed up by the enthusiasm of the Chief Executive, Ruth Bagley.
- **Working Together:** The Council's vision is to make the Borough a 'good place to live and work, and visit' now and in the future. The Council acknowledges that energy may be used wastefully and that there is scope for energy saving across the organisation. In order to minimise wasted energy and control energy demand, we must work with colleagues at all levels across the Council, to ensure we are all taking active steps to reduce demand. A number of the carbon reduction projects in our forthcoming Plan are cross-cutting, involving staff from more than one service in a co-ordinated approach.

## **9. Slough Borough Councils Baseline Emissions**

- 9.1 The Councils total emissions for 2008/09 (the most recent available) were 31,540 tonnes CO<sub>2</sub>. We plan to reduce these emissions by 40% by April 2014 and then to be carbon neutral by 2020. As an interim measure we have also committed ourselves to achieving a 10% reduction in our CO<sub>2</sub> emissions by December 2010.
- 9.2 We plan to achieve these goals by reducing our demand for energy in our schools and operational buildings, increasing efficiency of energy use and supply, maximising the use of renewable energy and where fossil fuels need to be used, use them as efficiently as possible.

## **10 Potential projects and Value at Stake**

- 10.1 Using the Carbon Trust's LACM7 guidance, the Council has been able to calculate the 'Value at Stake', i.e. the cost to the Council of not doing anything to reduce carbon emissions: The financial value at stake of the Council's Carbon Management Programme is £12.3 million. This is the projected cumulative saving that could be realised over the period 2009-2014 if emissions are cut by 40%.
- 10.2 In order to realise these savings, the Carbon Management Project Team has identified a variety of short, medium and longer term project opportunities to reduce CO<sub>2</sub> emissions. These have been quantified and prioritised using an evaluation tool supplied by the Carbon Trust and can be found in section 4 of the attached draft Plan. At the time of writing this report, it is estimated that if all of the projects identified in the plan were implemented, the Council's carbon foot print would be reduced by approx. 8,000 tonnes/ CO<sub>2</sub> by 2014, which is approx. 65% of our target of 12,616 tonnes/ CO<sub>2</sub>, leaving a shortfall of approx. 4,616 tonnes/ CO<sub>2</sub> to make up in later stages of the Programme.



- 10.3 The published Plan will be reviewed and revised annually by the Programme Board and Project Team to reflect progress made to date and take on board new project opportunities to help bridge this 'gap'.

## **11. Financial Costs of the Programme and Sources of funding**

- 11.1 The annual capital and revenue costs for the list of projects identified at section 4 of the draft Plan is summarised below:

	<b>YEAR 1 2009/10</b>	<b>Year 2 2010/11</b>	<b>Year 3 2011/12</b>	<b>Year 4 2012/13</b>	<b>Year 5 2013/14</b>
<b>Annual capital cost</b>	<b>£212,654</b>	<b>£1,343,651</b>	<b>£838,660</b>	<b>£1,307,111</b>	<b>£293,027</b>
<b>Committed annual capital</b>	<b>£212,654</b>	<b>£391,952</b>	-	-	-
<b>Unfunded annual capital</b>	-	<b>£951,699</b>	<b>£838,660</b>	<b>£1,307,111</b>	<b>£293,027</b>
<b>Annual revenue cost</b>	<b>£300</b>	<b>£115,316</b>	<b>£242,731</b>	<b>£5,000</b>	<b>£10,000</b>
<b>Committed annual revenue</b>	<b>£300</b>	<b>£35,000</b>	-	-	-
<b>Unfunded annual revenue</b>	-	<b>£80,316</b>	<b>£242,731</b>	<b>£5,000</b>	<b>£10,000</b>

- 11.2 To deliver the projects identified in the year 2 of the T Plan (i.e. 2010/11) the Council intends to fund as many of the works from planned maintenance or capital improvement budgets where possible. £951,699 of the capital needed to finance this year of the Plan has however still to be found and a bid is currently being prepared to the Council's Capital and Assets Group to cover this anticipated shortfall in expenditure. PPRG capital funding bids for the third, fourth and fifth years of the Programme will be prepared in accordance with the Council's annual budgetary cycle/timetable.

## **12. Salix "Invest to Save" Fund**

- 12.1 The Plan also refers to our making use of Salix funding for certain eligible projects (up to 50%), subject to match-funding being found across the Council. The first tranche of £50,000 has been received from Salix Finance. This must now be match funded from the Council by the end of March 2010 and committed to a number of Salix compliant capital projects. A second tranche of £100,000 will then be received and must be committed by the end of September 2010, with the third (£150,000) and fourth (£200,000) tranches being received by the by the end of April 2011 and April 2012 respectively. The rolling, ring fenced nature of this fund means that any savings generated from the works undertaken must be recycled back into the fund (over a period of seven years) to allow further energy saving projects to be considered in subsequent years. This enables the fund to be self sustaining.

- 12.2 A list of potential Salix compliant projects for the 2010/11 FY is currently being prepared by Property Services. There is an eligibility assessment for all projects under this 'invest to save' fund, based on the financial cost against the tonnage of carbon saved and pay back period - meaning that only a limited number of projects from our project list will be eligible. A capital budget to match fund our Salix Finance grant is being sought and will need to be committed by 31 March 2010 if we are to proceed with the Plan as currently drafted. The first and second tranches of this fund could be match funded with contingency funds provided by a Property Services if necessary and until a more long term budgetary solution can be found. Alternatively money from the Capital Reserve could be utilised subject to a successful bid being made through the Capital and Assets Group.
- 12.3 As part of the Council's commitment to reducing Carbon emissions, it may also be necessary to supplement the Council's existing capital scheme resources with additional funding (such as funding from the Salix Energy Efficiency Loans Scheme) to enable us to fulfil both our corporate priorities and our commitment to reducing our carbon emissions.

### **13. Benefits and Savings – Quantified and Unquantified**

- 13.1 The Plan's benefits (as currently drafted) are quantified below. In year 2 of the Programme (2010/11), there is an estimated annual cost saving to the Council of £915,139 if all of projects identified in the Plan are implemented. This reduces to £416,044 in year 3, £252,175 in year 4 and £52,309 in year 5 - meaning that both the Programme Board and Project team will need to identify further project options and possibilities from year 3 of the Plan onwards in order to fully make maximise both the savings and benefits of the Programme.

	Year 1 2009/10	Year 2 2010/11	Year 3 2011/12	Year 4 2012/13	Year 5 2013/14
Annual cost saving	£156,938	£915,139	£416,044	£252,175	£52,309
Annual CO <sub>2</sub> saving (tonnes)	712	3158	2343	1974	319
Annual target % achieved	27.5%	133%	107.5%	98.6%	17.4%
Cumulative target % achieved	27.5%	78%	87%	90%	77%

### **14. Appendices Attached**

Appendix A – DRAFT Carbon Management Plan 2009 – 2014  
(24<sup>th</sup> December version)