

Report to Cabinet

24 March 2022

Cabinet Member for the Environment and Rural Affairs



**Horsham
District
Council**

DECISION REQUIRED

Not Exempt

New Council Carbon Reduction Action Plan (April 2022 to March 2025)

Executive Summary

In September 2020, Cabinet approved two targets for the Council to become carbon neutral. These are realistic targets based on the recommendations from a consultant, that analysed the Council's carbon emissions. By taking action on its own emissions the Council is showing leadership on this important issue.

One target was to achieve carbon neutrality for its direct emissions by 2030. These are emissions generated from the gas and electricity used in the buildings it operates and from the fuel used in its fleet vehicles. The second was a longer-term target, to reach carbon neutrality for its indirect emissions by 2050. These emissions are from sources that are less easy for the Council to tackle, such as from its supply chain and leased buildings.

At the same meeting Cabinet also approved a short-term action plan which runs until the end of March 2022. The plan focused on actions that have reduced emissions immediately, such as using Hydrogenated Vegetable Oil in all of the Council's diesel vehicles and installing low energy lighting in two multi-storey car parks. It also laid the foundations for future projects. For example, audits of some of the Council's operational buildings have identified actions that need to be taken. Many of the actions in the plan have been completed ahead of schedule and all are progressing well.

This report recommends an updated plan with a three-year timeframe. If all the actions are implemented, the Council's direct emissions could fall by approximately 60% by 2024/25 from the 2019/20 baseline. However, new developments and projects that are not in the action plan could increase emissions.

The 2022/23 budget includes £1 million expenditure to deliver the action plan. This includes capital expenditure for installing energy efficiency measures in Council buildings and to replace some of the fleet with electric vehicles. The revenue expenditure was for a two-year part-time environment post to help deliver the Council climate change plans and some consultancy budget for Property and Facilities Department.

The proposed plan builds on the outputs from the short-term action plan; particularly in relation to the fleet and operational buildings which are responsible for most of the Council's direct carbon emissions. Projects will commence to reduce the Council's indirect

emissions which are much more challenging to address. Some leased buildings have been identified for energy efficiency measures and decarbonisation which involves working with tenants. Work will also start with suppliers to drive down emissions in the supply chain. The final actions in the plan relate to agreeing and implementing a methodology for offsetting the carbon emissions that are too difficult or costly to reduce.

This will be an evolving plan that will be reviewed and updated every six months, as new or more detailed projects come forward over the life of the plan. This will also allow the project team to react to any relevant opportunities, such as Government grants. Once a year the review will include an update of the changes to the Council's carbon emissions.

Overall, the plan will make significant strides in reaching the Council's carbon neutral targets. However, it also acknowledges that much work is still required to identify how further carbon reductions can be achieved and to reach the carbon neutral targets. In addition, the actions to reduce emissions are likely to become more complex and difficult to achieve nearer to the target dates of 2030 and 2050.

Recommendations

That the Cabinet is recommended:

- i) To approve the Council's carbon reduction action plan for 2022-2025
- ii) To note that progress reports on the action plan will be produced every six months, which will also include an annual update on changes to the Council's carbon emissions

Reasons for Recommendations

The action plan will ensure that the Council makes good progress in achieving its targets to become carbon neutral. The production of progress reports will ensure that regular monitoring of the actions takes place.

Background Papers

Organisational Carbon Reduction – Target and Action Plan. Report to Cabinet on 24 September 2020

Anthesis - Report for Horsham District Council Carbon Reduction Target Setting and Action Plan Support (August 2020)

Wards affected: All

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Background Information

1 Introduction and Background

- 1.1 In 2019, the Council passed a Notice of Motion that acknowledged that “*we are facing a wide range of environmental issues, including a climate emergency*”. In September 2020, Cabinet approved two targets for becoming a carbon neutral organisation. One is for its direct emissions to be carbon neutral by 2030. This relates to the fuel used in the fleet and the gas and electricity used in its operational buildings. The second target is to become carbon neutral for its indirect emissions by 2050. These emissions are harder to tackle as they are not within the Council’s control, which is reflected in the later target date. The main indirect emissions come from the Council’s supply chain and buildings that it leases.
- 1.2 At the same time as approving the targets, Cabinet also approved a short-term action plan which runs until the end of March 2022. This plan sought to ensure that immediate action was taken, that there were some early successes, and it laid the foundations for future projects. For example, completing audits of some of the Council’s operational buildings has identified actions that need to be taken and carrying out climate change training for staff has helped to further embed this agenda throughout the organisation.
- 1.3 This report seeks approval for an updated three-year carbon reduction plan. This will build on the foundations of the short-term action plan and ensure that significant progress is made towards reaching the Council’s carbon neutral targets; particularly the 2030 target. The report also asks Cabinet to note that regular progress reports will be produced, giving updates on the projects in the action plan and information on changes to the Council’s carbon emissions.

2 Relevant Council policy

- 2.1 The 2019 – 2023 Corporate Plan includes the theme a Cared for Environment which prioritises the “protection of our environment as we move to a low carbon future”. This includes the following activities: -
 - Undertake a carbon audit to understand the Council’s current footprint
 - Produce an action plan to move towards a carbon neutral organisation.
- 2.2 The first action listed above was completed and reported to Cabinet at its meeting on 28 November 2019. A short-term action plan was approved in September 2020. This report seeks approval of the new three-year action plan to reduce the Council’s carbon emissions.

3 Details

The Councils carbon footprint

- 3.1 The Council’s carbon footprint for 2019/20 was **8,588** tonnes of carbon dioxide equivalent (tCO_{2e}). This is the baseline year for the Council’s carbon neutral targets. One third comes from direct emissions; from gas, electricity, and the fleet which equalled 2,738 tCO_{2e}. Combining gas and electricity gives the main emissions from the Council’s operational buildings; that is 1,235 tCO_{2e}. The total for

the fleet was 1,503 tCO_{2e}, with the largest contribution from the refuse vehicles, with 1,329 tCO_{2e}.

3.2 The totals for the indirect emissions are shown in Figure 1. These include procured goods and services, leased buildings, business travel, waste, and water. The largest emissions come from the goods and services that the Council procures and from its leased buildings. This is typical for most organisations. The data for procurement is not accurate but is based on a proxy indicator which is calculated using the value of the contract and the type of service or goods that are being procured. For most of the leased buildings the gas and electricity consumption is calculated from the type of use and total floorspace.

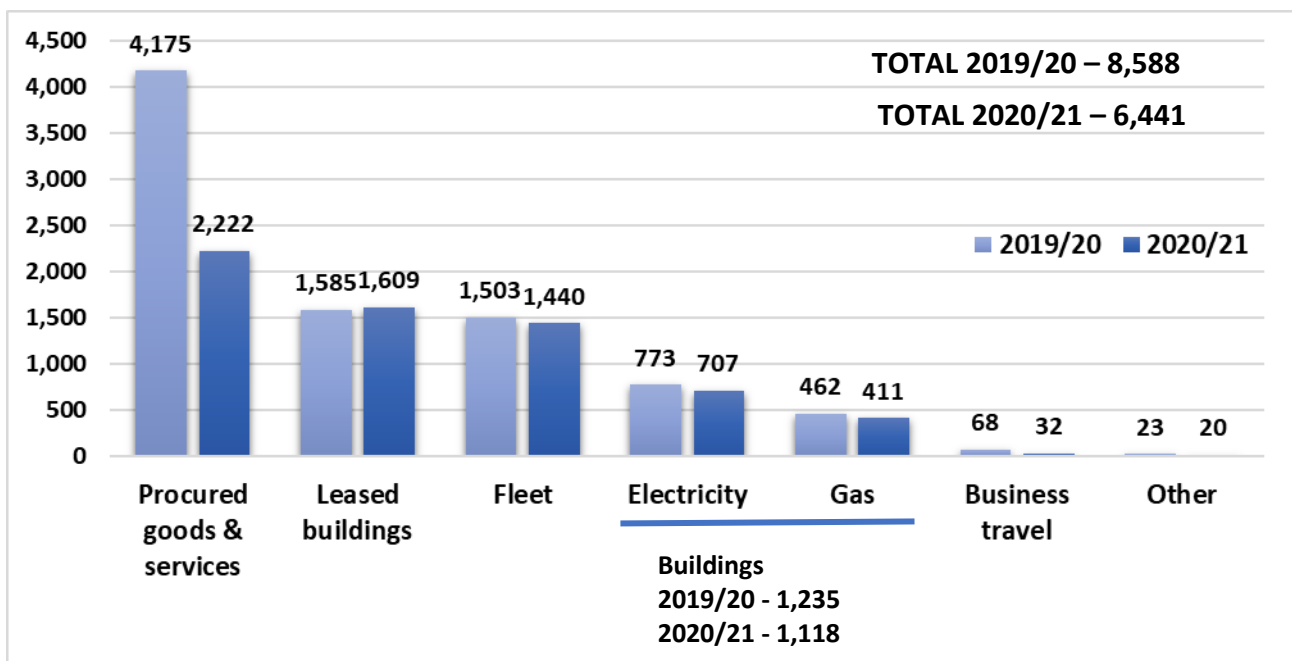


Figure 1 – Council carbon dioxide (equivalent) emissions in tonnes for 2019/20 & 2020/21

Changes to the Council's carbon emissions

3.3 The Council's carbon emissions for **2020/21 fell 25% to 6,441 tCO_{2e}**; a reduction of 2,147 tCO_{2e}. The detail is shown in Figure 1. The largest reduction was from procured good and services, where emissions fell by 1,969 tCO_{2e}. This was primarily due to two building contracts finishing, at Rowan Way, Billingshurst and Oakhurst Business Park, Southwater. Business travel was another indirect emission that fell. Mileage claims reduced as front-line staff were not going on site during the most stringent lockdowns and off-site meetings were held online.

3.4 Most of the other reductions in emissions were due to the pandemic. Electricity use fell by 139 tCO_{2e} (18%) as buildings such as The Capitol were closed during the lockdowns. Gas consumption fell more modestly (by 11%); again the largest reduction was from The Capitol being closed.

Outcomes from the short-term action plan

- 3.5 All of the actions in the 2020-2022 plan have either been completed or are progressing well. The latter will be rolled into the proposed new three-year plan. One of the most significant outcomes was changing the fuel used in all diesel vehicles in the fleet. They are now run on hydrogenated vegetable oil (HVO) which could reduce carbon emissions by up to 90% and is a good interim measure until vehicles are either electrified or moved to other low/zero carbon sources.
- 3.6 The Blackbridge Community Centre (former RAFA club and St Peter's Hall) was repurposed and retrofitted at a cost of £680,000 (including a grant of £238,000) to reduce its carbon emissions. High levels of insulation were installed, along with heat pumps and photovoltaics. This not only reduced the buildings carbon footprint but was also a useful learning experience that can be used in future decarbonisation projects. Part of this learning was that the works were costlier than first anticipated. Audits were completed on several other buildings which will inform the decarbonisation work in the proposed three-year action plan. A lighting replacement programme has commenced, with low energy lighting being installed in two multi-storey car parks; Swan Walk and The Forum.
- 3.7 There was significant progress on embedding carbon reduction throughout the organisation, with increased communications with staff and members, more information on the Intranet and a regular e-newsletter. Most staff also completed an online climate change information course.
- 3.8 Reducing emissions from the Council's supply chain will require working with suppliers. To start this process a Sustainable Charter was approved by Cabinet in July 2021. This makes the Council's aspirations transparent to suppliers and this will then form the basis of working with them to reduce emissions during the life of the contract with the Council.

The three-year action plan

- 3.9 The three-year action plan forms Appendix 1 of this report. It follows the same format as the previous plan, with the actions being divided into different workstreams and a project lead for each action. Most of the projects in the action plan fall in or year one and these also have more detail (including costs). However, this will be an evolving plan. Some enabling actions are included in year one. These will involve research and analysis to enable further work to be progressed. Learning from some of the actions will also feed into future projects. When progress on the action plan is reviewed, it will also be updated, to include implementation projects. The enabling actions have been included so that the groundwork for future implementation is captured and progressed, which will ensure continued progress to reaching the carbon neutral targets.
- 3.10 The plan includes further work to embed understanding of climate change within the organisation, with further training for staff and Members. The development of projects will need to consider any carbon emissions implications for new proposals, with steps to reduce these, which will also embed carbon reduction within the organisation and ensure that opportunities to reduce emissions is considered in all new projects.

- 3.11 The Council's vehicle replacement programme will see a minimum of nine vehicles replaced by electric vehicles over the plan period, along with the installation of electric vehicle charge points. When a vehicle is due to be replaced the service requirement for the vehicle will be reviewed. This process has already identified four vehicles that will not be replaced, giving further carbon savings.
- 3.12 There are several actions targeted at emission reductions from the operational buildings, some energy efficiency measures will be installed in leisure, community and countryside buildings, such as Park Barn and further analysis will be completed to determine the most appropriate low/zero carbon technology for decarbonisation, such as heat pumps or solar thermal. This will build on the outcomes of the previous audits. Works will also take place in The Capitol, starting with the installation of low energy stage lighting. Grant funding will be sought for the more costly decarbonisation measures, such as installing air source heat pumps. The timing of these works will depend on whether they can be completed whilst The Capitol remains in use.
- 3.13 An external lighting programme will be implemented, for example, installing LED lights will form part of the improvements to rural car parks. In terms of residential properties, more details are awaited on measures that could be installed in Council owned flats. Once this is available, a carbon reduction programme, with an associated budget bid, will be drawn up for these properties which are more complicated to deal with. This will also need to consider whether occupants need to be moved to other premises whilst the works are completed.
- 3.14 Although the carbon neutral target for the indirect emissions is not until 2050, the proposed action plan includes projects that will contribute to meeting this target. These are very challenging emissions to reduce as they are not within the direct control of the Council. For example, reducing these emissions involves working with tenants and suppliers
- 3.15 A significant workstream relates to leased buildings. In 2015, the Government introduced legislation known as The Energy Efficiency (Private Rented Property) (England and Wales) Regulations which set a minimum energy efficiency standard (or MEES) for leased buildings; both residential and non-domestic. As of April 2023, all non-domestic privately rented properties, even where there has not been a change in tenancy, will need to have an Energy Performance Certificate of E. This will rise to a C by 2027 and B by 2030. The action plan starts the work to comply with this legislation and it will also reduce carbon emissions. The strategy is to focus on the leased buildings with the poorest EPC's and, in the first instance, those with leases that are due to be renewed.
- 3.16 Audits have already been completed for some Council owned houses. Based on the measures identified in the audits, three houses will be retrofitted per annum. This will mean that at the end of the three-year action plan nearly all of the Council own houses will have had carbon reduction and energy efficiency measures installed. Occupants will be decanted into another house whilst the works are completed.
- 3.17 The final significant area relating to indirect emissions is the Council's supply chain. To start this process the proposed action plan includes identifying the most significant suppliers by spend and those with the highest emissions. The Council will then work with these suppliers to reduce their emissions, and in turn the

Council's emissions. The final action relating to procurement is to formulate an improved methodology for capturing carbon emissions data from suppliers, to replace the current proxy indicator. There have already been some successful carbon reductions achieved through procurement, such as the use of remoulded tyres which is estimated to save 80% of the materials required to manufacture a new tyre, reducing the amount of oil used in a new tyre and the energy used in the manufacturing process. This is estimated to have saved 22 tCO_{2e} during 2020/21.

- 3.18 The action plan acknowledges that further work is required to reduce emissions. The lack of technological solutions and high cost mean that it is unlikely that all of the Council's carbon emissions will reach zero. This means that opportunities to increase carbon uptake, such as through heathland restoration need to be explored, as well as accelerating the take up of renewable forms of energy. This is reflected in the actions under the Parks and Countryside and Carbon Offsetting/Insetting workstreams. For the latter, a methodology for implementing carbon insetting also needs to be developed and implemented.

Potential carbon reductions

- 3.1 9 Figure 2 suggests the carbon reduction pathway that could be achieved up to 2025 for the direct emissions, from the 2019/2020 baseline. **The data for 2021/22 represents the potential carbon reductions (of 45%) from the short-term action plan.** These have yet to be validated by the analysis of the Councils carbon emissions data, which will take place from April 2022 onwards. This includes the reductions from the use of HVO and the replacement lighting in two multi-storey car parks.

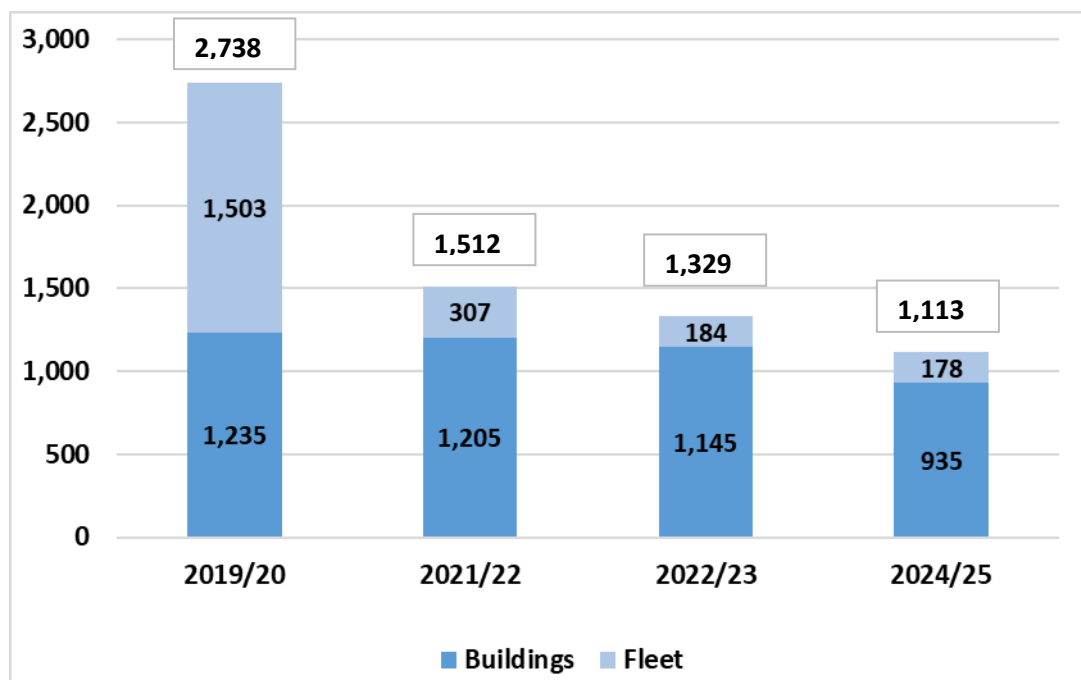


Figure 2 – Potential carbon reduction for Council direct emissions from the short-term action plan, after year one and year three of the 2022 to 2025 action plan

- 3.20 **The three-year action plan has the potential to reduce the Councils direct carbon emissions by approximately 400 tCO_{2e} or a further 14%. If this is achieved there will be a 60% reduction in direct emissions from the 2019/20**

baseline. This includes an approximate figure for the decarbonisation of the flats as the audits for these buildings are awaited. There will also be new buildings developments and projects which are not in the action plan that could increase emissions. Such as more vehicles in the fleet to deliver a new food waste collection service.

- 3.21 The data in figure 2 includes the emissions from Parkside. In 2019/20 this was 284 tCO_{2e}, which makes a large contribution to the overall figure. By 2024/25 this could represent 32% of the total carbon emissions from buildings. However, as the Council is a tenant in this building it does not have direct control over installing carbon reduction measures. The responsibility lies with West Sussex County Council, though the Council can seek to influence them.
- 3.22 The emission reduction for reaching the 2050 target is more difficult to assess at this time. The 2019/20 baseline figure is 6,235 tCO_{2e}. The measures to improve the energy performance of the Council owned houses could reduce emissions by 24 tCO_{2e} and there will be reductions from the works to some leased buildings. The maximum reduction from the buildings identified for measures to be installed would be 265 tCO_{2e}. These actions could result in an 18% reduction in emissions from leased buildings. However, further work is required to refine this figure and to determine the carbon reductions that can be achieved from the supply chain during this plan period.
- 3.23 For both the direct and indirect emissions the actions to reduce emissions are likely to become more complex and difficult to achieve nearer to the target dates of 2030 and 2050. There will, therefore, need to be a role for carbon offsetting/insetting. Based on the report from the consultants Anthesis in 2019, the potential level of insetting required to reach the carbon neutral targets could be 400 tCO_{2e} for the direct emissions and 4,000 tCO_{2e} for the indirect emissions.

4 Next Steps

- 4.1 The action plan will be implemented by a cross departmental group of officers. The project team is led by the Director of Community Services. Regular meetings are used to monitor progress on the plan and for any issues slowing progress to be raised and resolved. The proposed action plan will continually evolve. A six-month review and update of the plan will take place to identify new actions; some of which will stem from the enabling actions already set out in the plan.
- 4.2 In addition to monitoring the action plan, the Council's carbon emissions are monitored annually. The methodology used adheres to the Greenhouse Gas Protocol which is an international standard for collating data on an organisations emissions that contribute to climate heating. The main greenhouse gas is carbon dioxide; hence, why carbon dioxide equivalent is used as the standard reporting method. The report is collated after the end of the financial year, so there is a time lag between actions being taken and when this is reflected in the data. Update reports will outline the progress on the action plan and, when the data is available, the impact that this is having on reducing emissions.

5 Views of the Policy Development Advisory Group and Outcome of Consultations

- 5.1 All of the project leads, and relevant Heads of Service were consulted on and approved the content of the action plan. The Environment and Rural Affairs Policy Development Advisory Group received a presentation on the plan at its meeting on 14th March 2022. There was a full debate of the detail in the proposed plan. The Advisory Group supported the plan.
- 5.2 The Monitoring Officer, the Director of Corporate Resources and the Head of Human Resources & Organisational Development Manager were consulted on this report. The report has been amended in light of their comments.

6 Other Courses of Action Considered but Rejected

- 6.1 The main course of action that was considered but rejected was the “do nothing” option; that is not producing an updated action plan. However, it is essential that a clear set of actions are established to meet the 2030 and 2050 targets. Regular monitoring of the plan will ensure progress is being made. The annual collation and monitoring of the Council’s carbon emissions will also form part of the monitoring process.

7 Resource Consequences

- 7.1 The budget for 2022/23 approved by Council on 9 February 2022 included £1m of capital and revenue expenditure to boost the work needed to reduce the Council’s carbon emissions. Capital expenditure of £850k relates to the following projects in the proposed action plan: -
- £300k additional cost for nine replacement vehicles with battery electric rather than internal combustion engine vehicles
 - £100k infrastructure for electric vehicles
 - £205k replacement LED lighting at the Capitol
 - £150k retrofitting three houses
 - £55k energy efficiency upgrades to Park Barn and the Granary
 - £30k LED lighting in two rural car parks
 - £10k Blatchford industrial estate energy review
- A further £30k was approved for the Horsham town centre cycling study which does not form part of the action plan.
- 7.2 In order to implement the action plan £125k of revenue funding was approved in the 2022/23 budget. This was for a two-year part-time environment post and some consultancy budget for Property and Facilities Department. Some of this revenue funding was also to provide more capacity for the Wilder Horsham District initiative.
- 7.3 Some of the projects in year two and three of the action plan will require additional budget. These will come forward as part of the normal budget setting process. Some actions can be funded from existing Departmental budget, for example, expenditure for LED lighting replacement would come from existing Property and Facilities energy management budgets.

- 7.4 The Director of Corporate Resources was consulted on the report and commented that the financial cost of carbon saving will need to be considered for each individual project but also against the whole target of net zero. This must consider at what point carbon offsetting and insetting is more pragmatic than zero emissions. She advised that there are likely to be significant future costs associated with the de-carbonisation of the Council's largest assets, such as the leisure centres and the replacement of the waste collection vehicles in the mid to late part of the decade. As these costs are currently unknown it is not yet clear whether these can be achieved without the Council needing to borrow. However, potential costs are so significant it is possible the Council lose its debt-free status to cover them. Should this occur, it will limit the Council's opportunity to undertake other significant capital projects.
- 7.5 There are human resources consequences from this report, with the budget approval to recruit a temporary two-year environment post to support delivering the action plan and the Council's wider climate change and environmental aspirations. This will follow the Council's normal recruitment processes. The Human Resources and Organisational Development Manager was consulted on the report and no amendments were required.

8 Legal Considerations and Implications

- 8.1 The Climate Change Act 2008 is the basis for the UK's approach to tackling and responding to climate change. It imposes obligations on Local Authorities to reduce carbon emissions. The Act was amended by the Climate Change Act 2008 (2050 Target Amendment) Order 2019 to change the target for the UK to become net zero carbon by 2050. This is a legally binding target.
- 8.2 Section 111 of the Local Government Act 1972 enables the Council to do anything that is calculated to facilitate, or which is conducive or incidental to, the discharge of their functions.
- 8.3 At a local level, Section 19(1A) of the Planning and Compulsory Purchase Act 2004 requires local planning authorities to include in their local plans, policies designed to secure that the development and use of land in the local planning authority's area contribute to the mitigation of, and adaptation to, climate change.
- 8.4 The main legal implications of the report are when projects stemming from the action plan commence. These will be considered as projects are brought forward. Any that require securing goods or services will need to comply with the Public Contract Regulations 2015 and the Councils Contract Procedure Rules and Procurement Code.

9 Risk Assessment

- 9.1 The full risk assessment forms Appendix Two of this report. The highest risk is the potential costs for delivering the three-year action plan. The expenditure for several of the projects in the first year of the action plan are within the 2022/23 budget. Budget bids will be required to implement many of the actions in years two and three of the plan. For example, to implement the flat retrofit programme. The

expenditure for these projects will need to be considered alongside requests for expenditure on other Council initiatives. This will form part of the annual budget review. Opportunities will also be sought for external funding.

- 9.2 Another high risk is the limited staff capacity to implement projects. An additional environment post will also support delivery of the plan. However, there may be issues in other areas, given the pace and scale of the carbon reduction programme. Regular monitoring will take place to ensure that projects are being delivered. The final high risk is a lack of in-house and specialist expertise. Additional consultancy budget has been agreed to provide advice to the Property and Facilities Department. Joint working with other Council's will also mitigate this. The rest of the risks are either medium or low.
- 9.3 Some of the projects within the programme have high risks. There is a high risk associated with procuring the replacement electric vehicles, as there could be long lead in times for the delivery of these vehicles which would impact on meeting the targets in the plan. Furthermore, there is a medium risk that electric vehicle charge points cannot be provided where they are needed for the replacement vehicles, due to insufficient electricity capacity. There is a medium risk that property projects will not be delivered on time due to a shortage of contractors with appropriate skills and the availability of materials to retrofit buildings.

10 Procurement implications

- 10.1 Some of the projects set out in the action plan will have procurement implications. The Council's Procurement Code will be followed. The relevant procurement route will need to be incorporated into the timescales for delivering each project.

11. Equalities and Human Rights implications / Public Sector Equality Duty

- 11.1 Human Rights and Equality and Diversity implications will be considered in more detail when each of the projects contained in the action plan are implemented. However, some of the projects in the action plan will have a positive impact on service users, vulnerable groups, and wider community groups. For example, residents in Council housing and flats may have warmer properties through the implementation of energy efficiency measures. Service users and community groups leasing buildings from the Council could have reduced energy bills. It is not considered that an Equalities Impact Assessment is required for the proposals in this report, as service users, vulnerable groups and wider community groups will not be negatively impacted by the proposed action plan.

12 Environmental Implications

- 12.1 The main thrust of the report is setting out actions that will make progress towards the Council's carbon neutral targets. The projects set out in the action plan are likely to have co-benefits, such as a reduction in air pollution as the vehicles in the Council's fleet are electrified.

13 Other Considerations

- 13.1 There are no other implications, such as crime and disorder, arising from the proposals in this report.