



One Council
Overview and Scrutiny Committee
8 December 2010

**Report from the Director of Strategy,
Partnerships and Improvement**

For Information

Wards Affected:
ALL

Carbon Management Programme (Tranche 3)

1.0 Outline of the project

- 1.1 The Carbon Management Programme (Tranche 3) will reduce the Council's CO₂ emissions across all Council operations; reduce costs associated with carbon e.g. energy use and the new tax levied through the Carbon Reduction Energy Efficiency Scheme (CRC); take advantage of opportunities of generating income from the 'Feed in Tariff'; and contribute to mitigating the effects of Climate Change.
- 1.2 The Programme will build and improve on the Carbon Management Plan 2007 and the Carbon Management Second Review 2009. It adopts a new 2009/10 baseline which is based on CRC requirements, sets out how to meet the 25% CO₂ reduction target as stated in the Borough Plan 2010-2014 and shows how the Council is setting an example to others in the borough.
- 1.3 The Programme will;

Carbon reduction

- Reduce CO₂ emission across all Council operations
- Embed carbon reduction and encourage behaviour change across the Council and demonstrate to staff and managers that carbon reduction can improve overall performance and provide financial benefits to the Council in the form of cost savings.

Financial savings and income generation

- Save the Council money associated with the CRC tax
- Save the Council money associated with its energy costs.

- Generate income from the 'Feed in Tariff'.

Reputation

- Provide a good performance in the CRC league table.
- Continue to improve the Council's reputation as a 'Green Council' and to be an exemplar organisation.

Strategy

- Implement measures to meet the target in the new Borough Plan, 'Brent Our Future 2010-2014', of a 25% reduction in the Council's CO₂ emissions by 2014.

Climate Change

- Reduce carbon so that the Council can show that it is helping to mitigate the effects of climate change and set an example for the rest of the borough and therefore demonstrate that it is contributing to achieving the borough's Climate Change Strategy.

2.0 What has happened so far

- 2.1 A concept paper has been produced and approved by the One Council Programme Board and the business case is currently under development. Therefore the Programme is still at an early stage and yet to be agreed.
- 2.2 The Council's 2009/10 carbon emissions totals 36,116 tonnes per annum and the breakdown indicates that schools' emissions comprise 47%, Council premises 31%, street-lighting 19%, fleet vehicles 2.7% and business mileage claims 0.3%.
- 2.3 An initial scoping exercise of projects that will deliver the aims of the Programme has been undertaken in the following areas;
 - Council property portfolio, including the move to the Civic Centre
 - Council staff behaviour changes
 - Transport/ Travel
 - Street lighting
 - Procurement and Contractors, including purchasing energy efficient equipment
 - Auditing, monitoring and progress
 - Schools' property portfolio
 - Schools' staff and pupil behaviour changes/sustainability programme
- 2.3 As part of developing the business case, the Programme is considering three options in order to address the efficiency savings and meeting the CO₂ reduction target:
 - **Option One** - Do nothing

- **Option Two** - Business as usual – no investment beyond current levels
- **Option Three** - Invest to Save and Feed In Tariff

2.4 The first option has been rejected as the CRC tax is a new levy on the Council and the estimated cost will be around £435,240, based on 2009/10 emissions of 36,116 tonnes, payable from April 2012 when the CRC levy is introduced. The levy is expected to increase in future years. The target of reducing CO2 emissions by 25% CO2 by 2014 (9,029 tonnes) would not be met under option one.

2.5 Option two was considered acceptable in the short term as long as CRC tax remained at £12 per tonne and the Council's budget could afford to meet the additional CRC levy when it is introduced. How schools might make a financial contribution to this levy is still under discussion. However, by 2014, this course of action would only deliver part of the 25% CO2 reduction target.

2.6 Option three is considered the best option in delivering long term value for money, reducing the Council's payments under the CRC levy, meeting the 25% CO2 reduction by 2014, generating additional income and helping to meet longer term national targets.

2.4 The projects currently being examined to deliver option three will mainly involve the following areas;

- Council property.
- Schools' property.
- Streetlighting.
- Behaviour change.
- Business travel.
- In future, all councillors, directors, service managers and staff to embed carbon management into all council services, activities, operations and projects.
- To engage with the other 31 'One Council Improvement and Efficiency Projects' in order to identify their potential contribution to saving carbon emissions.
- To liaise with the Carbon Trust, Energy Solutions and schools by using internal and external advice in order to establish which projects will provide the biggest savings to meet the above targets.

3.0 Difficulties and risks

3.1 This programme has long term consequences for the Council and will affect future budgets, particularly from April 2012 onwards (when the CRC levy is introduced), the Council's reputation and the Council's contribution to implementing the borough's Climate Change Strategy. The main risks are:

- A high level of CO2 emissions will incur a higher level of tax.
- A poor position in the CRC league table will harm the Council's reputation.
- Higher energy bills.
- Loss of income from the Feed in Tariff.
- The Council is not perceived as taking measures to mitigate Climate Change
- A lack of budget from 'Invest to Save' in order to make the longer term savings.
- The 25% carbon reduction target is unachievable in the time available.
- Schools' emissions contribute significantly to the Council's total emissions and therefore heavily influence the Council's obligations under the CRC levy. Yet, at present, schools cannot be recharged. Therefore there is a risk of non engagement by schools and no incentives to stabilise or reduce their CO2 emissions. There is a clear need to engage with schools on this issue and to persuade or incentivise them to reduce their use of energy.
- The CO2 emissions from the Council's own business travel and use of its fleet are not reduced. Persuasion and changes in behaviour are intended to address this.

4.0 Next steps

- 4.1 A framework will be prepared for considering the various CO2 saving projects within the Council and schools and included in the business case.
- 4.2 A detailed analysis will be undertaken on each potential CO2 reduction project within the programme by the Service responsible, once an agreed framework is in place.
- 4.3 Once each project has been scoped, further work will be carried out by the Environmental Projects and Policy team, the Programme Management Office, Finance and Corporate Services, Property and Asset Management and the appropriate Service to prepare the 'Invest to Save' case for each project.
- 4.4 Property and Asset Management will be reviewing the schools investment/ maintenance/ plant servicing contracts and will seek to ensure the programme takes explicit account of energy consumption. The consumption data is now available because of the CRC requirements, ongoing work moving schools to centralised energy procurement (Lazer) and that the Display Energy Certificate data is available. These will all help to provide a solid benchmark for measuring outcomes.
- 4.5 An overarching business case will be prepared for implementing the individual projects and to identify the additional resources that will be required in order to minimise the Council's obligations under the CRC levy, to reach the 25% CO2 reduction target by 2014 and to maximise the income from the Feed in Tariff.

Background Papers

Carbon Management Strategy and Implementation Plan 2007 Carbon Management Second Review 2009

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