

Environment Fund – Resourcing Low Carbon Delivery

To: Environment and Green Investment Committee

Meeting Date: 16/12/2021

From: Executive Director Place and Economy

Electoral division(s): All

Key decision: Yes

Forward Plan ref: 2021/076

Outcome: Delivery of energy and carbon projects to reduce the Council's and Cambridgeshire's carbon footprints as set out in the Climate Change and Environment Strategy.

Recommendation: The Committee is asked to approve drawdown of approved capital Environment Funding to support:

- a) Additional staff resources totalling £570,000 over 4 years to deliver low carbon and energy capital projects as described in paragraphs 2.3-2.5
- b) Grid connection costs of up to £15,000 for the Cambridge EV chargepoint project as set out in paragraph 2.7

Officer contact:

Name: Sheryl French

Post: Assistant Director of Climate Change and Energy Services

Email: Sheryl.french@cambridgeshire.gov.uk

Tel: 01223 728552

Member contacts:

Names: Councillors Lorna Dupré and Nick Gay

Post: Chair/Vice-Chair

Email: lorna.dupre@cambridgeshire.gov.uk; nick.gay@cambridgeshire.gov.uk

Tel: 01223 706398

1. Background

- 1.1 The Council approved a £16million capital Environment Fund at Full Council in February 2020 to reduce the Council's carbon footprint and that of the wider Cambridgeshire area. The Fund priorities include replacements of fossil fuel heating systems with low carbon systems in Council buildings and maintained schools; investment into EV charging facilities; working with oil dependent communities to decarbonise and to support climate innovations.
- 1.2 The Environment Fund is capital borrowing from Public Works Loan Board (PWLB). The aim of the Environment Fund is to invest into projects that reduce Cambridgeshire's carbon emissions, saves revenue costs and/or generates income across the portfolio of low carbon energy projects to pay back the borrowing. The borrowing can only be used for capital projects, where it is either creating or enhancing assets. Staff costs that directly contribute to bringing forward capital projects can be covered as part of the Environment Fund.
- 1.3 The Environment Fund has committed investment of £2,713,000 into projects to the end of March 2022. These mainly cover decarbonisation of the heating systems in twenty-two of the Council's buildings and four schools plus the procurement and provision of EV chargers for the Council's offices. Further Environment Fund investment is forecast to continue the decarbonisation of Council buildings and maintained schools to reduce the Council's scope 1 and 2 carbon emissions and ongoing support for oil dependent communities to decarbonise. Growing the size and scale of the County's energy decarbonisation programme is now limited by the size and capacity of the teams to support this work.
- 1.4 In November 2020, Cambridgeshire County Council, along with Cambridge City Council, were invited to take part in [Charge Collective](#) – a UKPN Innovation Project developing mechanisms through which UKPN could subsidise electricity connection costs for on-street EV charging infrastructure within Ofgem's current regulations. UKPN sought to use Cambridge to pilot the new approach.
- 1.5 Two grant funds have been secured totalling a value of £1.34m as set out below, to support the Charge Collective Project:
 - On-Street Residential Chargepoint Scheme (ORCS). A government grant, from the Office for Zero Emission Vehicles (OZEV) specifically targeting on-street chargepoint provision and providing up to 75% of the capital costs. £142,500 has been secured through this grant and Cambridge City Council is providing the 25% match funding
 - Green Recovery Fund. This is a one-off fund that will cover the electricity network reinforcement costs required to facilitate the chargepoints. This will also unlock network capacity to enable further projects – either by the Council(s) or should residents wish to decarbonise their heating. Value: c.£1.2million.
- 1.6 Two areas of the city – Riverside and De Freville – were identified through the Charge Collective project. These sites have been progressed into a project to install a mixture of 7kW "fast" and 50kW "rapid" chargepoints on the highway in collaboration with Cambridge City Council. The rapid 50kW chargepoints will be funded by the supplier.

- 1.7 The outcome of this report will be to secure drawdown of approved Environment Funding to resource the delivery of low carbon and energy capital projects to reduce carbon emissions for Cambridgeshire and the Council. In addition the role will be to generate long term revenue savings on energy bills and income from green investments.

2 Main Issues

2.1 Environment Funding to support capacity to deliver low carbon projects

The Climate Crisis has gone beyond discussions of the causes and is now focussed on how and what action is needed to reduce carbon emissions and build resilience in our communities to deal with its impacts. For the UK, energy security along with the decarbonisation of our energy supplies, is a priority. Significant investment in the UK and by the Council here in Cambridgeshire is now focused into low carbon energy projects, including renewables, reducing energy consumption and creating smart local energy systems. The transition to a smart low carbon energy system takes time to build – there are many actors, regulations and cost interactions that need working through and there is significant complexity.

- 2.2 The Climate change and Energy Services (CCES) team was formed in June 2021 as a result of the Place and Economy Directorate restructure. The service has a large energy agenda and has been building the knowledge and skills to bring forward low carbon energy infrastructure and projects since 2014. It is now delivering and managing a £100+million pipeline of energy investments and is in need of additional operational management capacity and skills to resource the existing programmes, manage the construction and commercial risks and realise the financial, environmental and social benefits.

- 2.3 The current pipeline of low carbon and energy projects managed and developed by the team includes:

- £13m out of a loan facility of £20m invested in energy performance contracts with 60 schools
- £5.68m invested into low carbon heating for schools and Council buildings. To date investment covers a total of 26 low carbon heating projects in Council buildings and maintained schools. £2,613,931 is a contribution from the Environment Fund and £3,182,921 Public Sector Decarbonisation Funding.
- Low carbon heating project for Comberton Village College totalling £2.8m with a successful application for £1.89m of Public Sector Decarbonisation Funding.
- £100,000 committed from the Environment Fund allocated towards Council EV chargepoint projects.
- £42.7m committed into large energy projects currently under construction
- £1m invested into Energy Efficiency Projects for Council buildings
- £4m energy contract procurements
- £10m Triangle Solar Farm investment, operational since 2017
- £31.6m large energy project pipeline under development

2.4 Additional capacity and skills are needed in the energy services team to support the delivery of the pipeline including:

- Strategic and operational management of existing/future projects
- Further engineering and construction experience
- Energy market knowledge and commercial skills to support capital projects
- Further project and risk management capacity
- Capacity to ensure project benefits can be maximised
- Identifying and sharing lessons learnt from decarbonisation projects to build and improve skills and performance

2.5 Approval for drawdown of Environment Funding (EF) totalling £570, 000 covering four years, 2021/22- 2024/25 is requested, out of the overall £16m capital budget, for a minimum of 3FTE's to support the delivery and funding of capital low carbon and energy projects managed by the service. The service generates income for the Council and has also successfully applied for grants. For example, approximately £6 million of Public Sector Decarbonisation Fund has been awarded to projects in the last 18 months. The funding required is set out annually below.

Environment Fund (EF)	2021/22 £(000)	2022/23 £(000)	2023/24 £(000)	2024/25 £(000)	TOTALS £(000)	% of EF requested
	30	180	180	180	570	3.56%

2.6 Environment Funding for EV Charging Infrastructure.

Chargepoints will be installed across the Riverside and De Freville areas of Cambridge and each area will receive:

- Riverside – 10 x 7kW and 2 x50kW (one located in a City Council car park)
- De Freville – 9 x 7kW and 2 x50kW

Each of the 7kW chargepoints can charge two vehicles at a time which equates to a potential to simultaneously charge 22 vehicles in Riverside and 20 vehicles in De Freville.

2.7 A procurement has been completed and the contract for supply, install, operate & maintain on a commercial basis for 7+3 years was awarded to bpChargemaster. It is anticipated the project will complete by March 2022. However, the grants secured do not fully cover the electricity connections for the EV chargers. A request to drawdown £15,000 from the approved Environment Fund budget is needed to pay for the electricity connections for the EV chargers.

2.8 The Funding Model for the EV chargers is set out in appendix A. A 50% profit share has been agreed with bpChargemaster for the EV chargers. Uptake of electric vehicles has been modelled for the two areas, based upon: DfT national vehicle

licencing statistics, estimates on the number of vehicles in the areas and DfT assumptions on vehicle turnover rates. This suggests a payback of 10-11 years depending on uptake of EV in the areas.

3 Alignment with corporate priorities

3.1 Communities at the heart of everything we do

Providing the right infrastructure to support communities to live low carbon lifestyles is important as this helps communities to reduce carbon emissions and reduce the impact of climate change.

3.2 A good quality of life for everyone

Future quality of life depends on cutting global green house gas emissions to limit the impacts of climate change. Delivery of low carbon and clean energy projects that design out fossil fuels from heating, power generation and transport will reduce carbon emissions and contribute towards local and global efforts to manage the risks from climate change.

3.3 Helping our children learn, develop and live life to the full

As above.

3.4 Cambridgeshire: a well-connected, safe, clean, green environment

As above.

3.5 Protecting and caring for those who need us

As above.

4 Significant Implications

4.1 Resource Implications

The report identifies the additional skills and capacities needed in paragraph 2.3 to deliver the low carbon and energy investment programme as set out in 2.4. Without these resources the benefits from these investments may not be fully realised. The financial resources required are set out in paragraphs 2.5 and 2.7. The design and deployment of all funds and allocations are currently subject to consideration as part of the medium term financial strategy to be considered at January 2022 Strategy and Resources Committee but that is not expected to alter the rationale for this investment.

4.2 Procurement/Contractual/Council Contract Procedure Rules Implications

No significant implications.

4.3 Statutory, Legal and Risk Implications

On a £100m construction programme there are extensive levels of risk that must be managed. Inadequate resourcing can lead to greater risk of non-compliance with legislative requirements.

4.4 Equality and Diversity Implications

There are no significant implications.

4.5 Engagement and Communications Implications

There are no significant implications.

4.6 Localism and Local Member Involvement

Local Members for Chesterton and Abbey, as well as Chairs and V-Chairs of Highways & Transport and environment & Green Investment committees, have been made aware of the project and received copies of communications issued to residents.

4.7 Public Health Implications

Improving the charging network allows people to switch from fossil fuelled vehicles to Low Emission vehicles which in turn can reduce air pollution from vehicle resulting in health and wellbeing benefits.

4.8 Environment and Climate Change Implications on Priority Areas:

4.8.1 Implication 1: Energy efficient, low carbon buildings.

Positive/neutral/negative Status: Positive

Explanation: Capacity to deliver existing and future projects to minimise fossil fuels in Council buildings

4.8.2 Implication 2: Low carbon transport.

Positive/neutral/negative Status: Positive

Explanation: Grid connections for EV chargers will allow more fossil fuel miles to be replaced with lower carbon renewable electricity.

4.8.3 Implication 3: Green spaces, peatland, afforestation, habitats and land management.

Positive/neutral/negative Status: Neutral

Explanation:

4.8.4 Implication 4: Waste Management and Tackling Plastic Pollution.

Positive/neutral/negative Status: Neutral

Explanation:

4.8.5 Implication 5: Water use, availability and management:

Positive/neutral/negative Status: Neutral

Explanation:

4.8.6 Implication 6: Air Pollution.

Positive/neutral/negative Status: Positive

Explanation: reduce greenhouse gas emissions from buildings and electricity supplies and in addition prevent fossil fuel travel miles.

4.8.7 Implication 7: Resilience of our services and infrastructure, and supporting vulnerable people to cope with climate change.

Positive/neutral/negative Status: Positive

Explanation: Grid upgrade costs secured for the electrification of heat and transport

Have the resource implications been cleared by Finance? Yes

Name of Financial Officer: Eleanor Todd

Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement? Yes

Name of Officer: Henry Swan

Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or LGSS Law? Yes

Name of Legal Officer: Fiona MacMillan

Have the equality and diversity implications been cleared by your Service Contact?

Yes or No

Name of Officer: Elsa Evans

Have any engagement and communication implications been cleared by Communications? Yes

Name of Officer: Amanda Rose

Have any localism and Local Member involvement issues been cleared by your Service Contact? Yes or No

Name of Officer:

Have any Public Health implications been cleared by Public Health? Yes

Name of Officer: Iain Green

5 Source documents guidance

5.1 Environment Fund: Capital Business Case_ September 2021

5.2 The location of the business case is the Climate Change and Energy Services Folder