

WIRRAL COUNCIL

BUDGET CABINET

18 FEBRUARY 2013

SUBJECT:	CARBON BUDGET 2012/13
WARD/S AFFECTED:	ALL
REPORT OF:	LAW HR & ASSET MANAGEMENT
RESPONSIBLE PORTFOLIO HOLDER:	COUNCILLOR BRIAN KENNY
KEY DECISION?	YES

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to advise Members of the corporate and departmental progress made against the Carbon Budget 2012/13 (Appendix A); the revisions that are required to meet Corporate Goals; and propose the Carbon Budget for 2013/14, 2014/15 and 2015/16.
- 1.2 Members requested that a Carbon Budget be established (Council 14 December 2009, Minute 77 refers). The resolution included instructions to prepare carbon budgets for each department to be presented at Budget Cabinet and Council alongside the Council's financial budget.
- 1.3 The Carbon Budget is not a statutory requirement but is Wirral's only method of managing CO₂ emissions in order to reduce our carbon footprint by delivering the Carbon Budget as stated in the Corporate Plan.
- 1.4 The carbon budget is not financial but meeting the annual targets will have an impact on costs. Reductions in carbon emissions are achieved by reducing energy use and there are financial savings that will be made from the avoided costs of energy and CRCEES allowances.
- 1.5 This report does not contain exempt information.

2.0 BACKGROUND AND KEY ISSUES

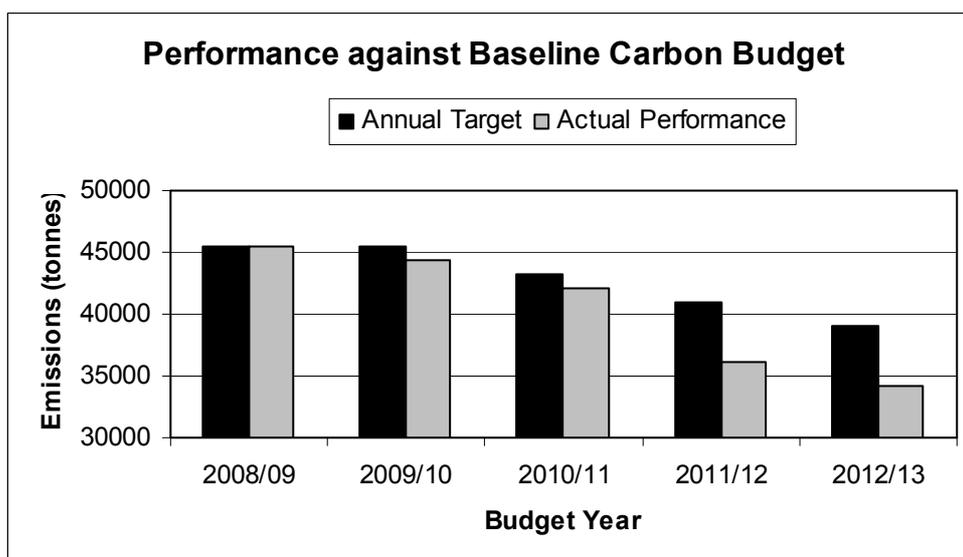
2.1 Background

- 2.1.1 Members requested that a Carbon Budget be established (Council 14 December 2009, Minute 77 refers). The resolution included instructions to:
 - Establish the Council's carbon footprint and quantify tonnes of CO₂ emitted as a direct result of Council operations for 2010 onwards;
 - Prepare carbon budgets detailing emissions and efficiency targets for each department to be presented at Budget Cabinet and Council alongside the Council's financial budget; and,
 - Report to Cabinet on progress being made by departments against their carbon target and the measures and projects being undertaken to reduce energy use and carbon emissions.

- 2.1.2 Since the Carbon Budget was approved by Cabinet on 22 February 2010 (Minute 335 refers) the method of apportioning emissions between Departments has altered to reflect the Asset List by service responsible for a site or building. Total emissions were not affected. This will alter further as the Asset List is updated to reflect organisational changes that are taking place.
- 2.1.3 Due to the time lags in obtaining comprehensive energy consumption data from energy suppliers, Carbon Budget figures do not match the Financial Year when the Carbon Budget report is presented. If the most recent complete financial year were to be used, the report would be unable to reflect the most recent trends.
- 2.1.4 The Sustainability Unit, that is part of the Asset Management team, calculates the carbon emission figures for a twelve month period every six months. This information is used to compile a performance report for the previous financial year ending 31 March and is used to encourage Departments to meet their carbon target and so aid the carbon management process. For the purposes of reporting on the carbon budget, the most recent carbon reporting period is used. In this case it is the reporting period from 1 October 2011 to 30 September 2012.
- 2.1.5 The Carbon Budget is made up of two parts:
- The Corporate Target which is based on the average annual reduction that is needed to meet the goal of reducing carbon emissions by 60% by 2025.
 - Departmental Performance which is calculated from actual energy consumption. Annual Departmental targets are modified to reflect changes in the Council's estate and underperformance in previous years.

2.2 Corporate Target

- 2.2.1 The Council has a corporate target of reducing emissions of CO₂ by 60% by 2025. The first carbon footprint was calculated for the 2008/09 financial year as 45,481 tonnes CO₂. This is the baseline figure on which corporate targets are based. In order to achieve the reduction within the required timescale, an average year on year reduction of approximately 5% is required in order to achieve a 2025/26 carbon footprint of 18,192 tonnes CO₂.
- 2.2.2 The chart below shows actual 12 month carbon emissions compared against the annual emissions targets set out in the Carbon Budget that was approved by Cabinet on 22 February 2010. To date, the rate at which emissions have been reducing has exceeded that which is required to meet the 60% reduction target by 2025.



2.2.3 The first Carbon Budget set targets up to and including 2012/13. It is necessary to confirm targets for the next 3 years in order to maintain a framework and maintain focus on meeting the 2025 emissions reduction target.

2.2.4 The current target for 2012/13 is 38,994 tonnes CO₂. Applying the average 5% per annum reduction to meet the 2025/26 60% carbon emissions reduction target means that the Corporate targets for the following 3 financial years are:

Financial Year	Corporate Carbon Target (tonnes CO ₂)
2013/14	37,044
2014/15	35,192
2015/16	33,432

2.2.5 Wirral's calculated carbon footprint for the period 1 October 2011 to 30 September 2012 is 34,314 tonnes (Appendix A). If this does not change due to adverse weather or other factors (e.g. property acquisitions or major losses of plant efficiency), the corporate performance targets will be met for the current financial year 2012/13 and for the next two financial years.

2.2.6 It is acknowledged that the Council is undergoing significant changes and will continue to do so over the next three years at least. In spite of these changes there is no reason why the corporate carbon footprint targets cannot be retained in a form that clearly leads towards reaching the 2025 goal as included in the Corporate Plan.

2.3 Departmental Performance

2.3.1 Members directed that the Carbon Budget progress be presented on a departmental level and reported to Cabinet. At present, the Council is going through a process of restructuring. Organisational changes are in progress and are not yet recorded on the Asset List. The Carbon Budget will be updated to align to the emerging structure as soon as possible.

- 2.3.2 As an interim measure, in compliance with Members' instruction, targets and performance figures are included as Appendix A to align with the old structure as recorded on the Asset List. Taking account of the performance over the year 1 October 2011 to 30 September 2012, total emissions are calculated to be 4.14% higher than the 2012/13 performance target.
- 2.3.3 Actual emissions for 1 October 2011 to 30 September are 5,760 tonnes lower than those reported for the same period on 20 February 2012, but 1,358 tonnes below the target for the full 2012/13 financial year. Recently completed projects, community asset transfers and planned sale of assets realised before 31 March 2013 will contribute to reducing the present shortfall.
- 2.3.4 It is recommended that the Departmental targets determined by the performance calculation method consistent with previous years be approved for the 2013/14 financial year on the understanding that the carbon budget method will be subject to review following organisational changes and a potential further reduction in staff numbers and assets.
- 2.3.5 The Carbon Budget process will be further developed in light of anticipated changes to the mandatory Carbon Reduction Commitment Energy Efficiency Scheme (CRCEES) and organisational needs. This process has been delayed as detailed guidance on CRCEES changes is not yet available.

2.4 Current Initiatives

- 2.4.1 Cabinet of 14 December 2009 directed the annual Carbon Budget report include progress against measures and projects to reduce energy use and carbon emissions. The current financial pressures mean that some proposed work may not go ahead in which case the planned carbon reductions will not be realised. However, it is relevant to demonstrate that the Council is planning to meet long term goals:
- Capital Funding bids for which carbon implications have been calculated represent a potential reduction of 922 tonnes CO₂. These bids are subject to consideration and decision in the context of the Council's financial position and the affordability of a capital programme. Financial pressures mean that it may not be possible to progress these projects at present and the carbon savings would not therefore be achieved. If this is the case these schemes could be revisited in future years.
 - Planned Asset transfers and sales could reduce the carbon footprint by 1,109 tonnes CO₂. The emissions reductions achieved will depend on the completion of the transfers.
 - The impact of the recently completed pool hall ventilation improvements carried out at Europa Pools will be 348 tonnes CO₂ based on the design calculations. The installation has only recently been commissioned and verification is not yet possible.
 - The Sustainability Unit is working with Service Departments to assess the carbon impacts of other projects, initiatives and service reviews that are in progress. These include, but are not limited to Streetlight dimming, Parks and Countryside, printer rationalisation, boiler replacement and the CYPD Capital Programme.
- 2.4.2 The Sustainability Unit scheduled quarterly attendance at each Department's Departmental Management Team (DMT) meetings in order to assist and advise management teams on how to meet their Carbon Targets without compromising

service delivery. This programme will be continued and integrated with the ISO 50001 as the new organisational structure develops.

- 2.4.3 Progress on reducing the Council's Carbon Footprint was reported to the Sustainable Communities Overview and Scrutiny Committee for the 29 January 2013 meeting.
- 2.4.4 It was agreed on 31 July 2012 to proceed with the development of an energy and carbon management framework that will comply with ISO 50001 (Energy management systems). This will clarify roles and responsibilities and give clear directions to achieve the structural carbon savings required. The system will be tailored to the Council's changing needs in order to drive down emissions, control costs and reduce risks. The development of the system has been delayed due to structural reorganisation but will proceed at the earliest opportunity.
- 2.4.5 Training sessions for Energy Champions and Building Attendants/Caretakers have continued and aim to improve the flow of information back to Management on issues around maintenance of equipment and plant and identified energy inefficiencies and waste. Local or strategic solutions may be required to address the issues raised and the appropriate approaches will be determined through the Asset Review Board.
- 2.4.6 DMT's have been reminded that access to individual building energy information is available via the energy database web access. This facility provides energy and carbon emission information that can be used to manage performance. Access to this information is accepted as good energy management practice and will become critical if the Council decides to adopt a Corporate Landlord/Tenant approach to its estate.
- 2.4.7 DMT's have been provided with a series of actions on improving energy efficiency to communicate to their staff.
- 2.4.8 Departments have been requested to report carbon reduction implications due to projects and actions they have planned to the Sustainability Unit. Guidance on completing Section 10 of the report template has been circulated. Response has been inconsistent. If section 10 of the standard report template 'Carbon Reduction Implications', is properly completed, this process should be simple and straightforward.
- 2.4.9 The Carbon Budget is not the only emissions reporting mechanism. Wirral Council also reports emissions for the Carbon Reduction Energy Efficiency Scheme (CRCEES), and the Annual Greenhouse Gas Emission reports. Each reporting scheme differs in scope, emissions covered and measure reported. The CRCEES is the Government scheme that is the most closely regulated.
- 2.4.10 The Government has issued a report of the consultation on the simplification of the CRCEES. The scheme's managing agents, the Environment Agency were due to issue updated guidance in January 2013 but this has not yet been received. Once the guidance is received and its impact assessed, the Carbon Budget process will be reviewed in order that the reporting streams are brought closer together. This will make better use of officer time.

3.0 RELEVANT RISKS

- 3.1 The greatest risk is not meeting the required corporate targets set out in the carbon budget. Failure to meet targets will mean that energy costs and CRCEES charges could increase.
- 3.2 There is a risk that individual departments may not meet their targets. The Sustainability Unit will continue working with Management and staff over the restructuring period to help meet the carbon reduction targets and reduce this risk which also carries financial implications.
- 3.3 The absence of an effective carbon management system to deliver the Carbon Budget increases the risk of not meeting the targets as detailed in the Corporate Plan. The agreed introduction of an ISO 50001 compliant energy management system will reduce this risk.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 Regular reporting on the Carbon Budget on a departmental basis is based on the Council Resolution passed on 14 December 2009. The only other option is to do nothing which is not a reasonable alternative as it would increase the risk of increasing financial costs of the CRCEES and energy through the absence of any form of management.

5.0 CONSULTATION

- 5.1 The Sustainability Unit scheduled quarterly attendance at Departmental Management Team (DMT) meetings to consult, assist and inform Management on how to achieve their carbon targets. Organisational changes have meant that some meetings have been cancelled. The Sustainability Unit will engage with the renewed structure as it develops in order to help ensure targets are understood and met.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 6.1 The setting of the Council's Carbon Budget has no direct implications for voluntary, community and faith groups.

7.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

- 7.1 There are no direct financial implications arising from this report as it considers CO₂ emissions alone. It should be appreciated that a reduction in carbon emissions is normally associated with a corresponding reduction in energy use and consequent cost.
- 7.2 The table below shows the estimated financial impact of reducing emissions reported for CRCEES by 5% a year from a 2010/11 baseline in order to illustrate the magnitude of the saving associated with that scale of emissions reduction. The calculations assume that energy unit prices remain fixed at 2.5p/kWh for gas and 12p/kWh for electricity and that the CRCEES allowance charge remains at £12/tonneCO₂. It is also assumed that the ratio of gas to electricity consumption is stable. No account is taken of inflation. CRCEES emissions differ from those reported for the Carbon Budget

because of the regulations covering their submission so the figures below are only indicative of the scale.

Financial Year	Projected cost saving at current rates from 2010/11 baseline			
	CRC	Electricity	Gas	TOTAL
2013/14	£21,865	£226,822	£111,313	£360,000
2014/15	£20,772	£215,481	£105,748	£342,001
2015/16	£19,733	£204,707	£100,460	£324,900
TOTAL	£62,370	£647,010	£317,521	£1,026,901

- 7.3 There are no IT implications arising directly from this report. However, it should be noted that IT systems and infrastructure contribute directly to emissions as they use energy.
- 7.4 There are no staffing implications arising directly from this report but it should be noted that employees' efficient and effective use of energy is vital to improving performance.
- 7.5 The rationalisation of the Council's estate will greatly assist in the delivery of the Carbon Budget. Reducing energy consumption and improving efficiency of its use will also help to control energy costs.

8.0 LEGAL IMPLICATIONS

- 8.1 There are no direct legal implications arising from this report.

9.0 EQUALITIES IMPLICATIONS

- 9.1 The potential impact of the proposal has been reviewed with regard to equality and it is concluded that there is no relevance to equality.

10.0 CARBON REDUCTION IMPLICATIONS

- 10.1 Reducing Wirral's carbon footprint has been identified in the Corporate Plan as one of the priorities for the next three years in the Corporate Plan. Meeting Carbon Budget targets as set out in this report will reduce Wirral's Carbon footprint and contribute to meeting the long term goal.
- 10.2 The Carbon Budget Performance Table included as Appendix A shows that the Council is currently meeting annual targets to reduce emissions at a rate necessary to meet the Corporate goal of reducing emissions by 60% by 2025.
- 10.3 Actions and activities that have been fully assessed by the Sustainability Unit suggest the Council could reduce CO₂ emissions by approximately 2,379 tonnes which would positively assist in meeting future emissions targets. However, financial pressures could mean that some projects cannot proceed in the short term and that the carbon reductions associated with them will not be achieved.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

- 11.1 The disposal of Council owned properties could have planning implications.

11.2 Any future applications for planning permission would be assessed for compliance with the statutory development plan, which currently comprises: the Wirral Unitary Development Plan (saved by direction of the Secretary of State on 28 September 2007) and the North West of England Regional Spatial Strategy to 2021 (September 2008); the Council's emerging Core Strategy; and national planning policies.

12.0 RECOMMENDATION/S

12.1 It is recommended that:

12.2 Progress towards the 2012/13 target included in Appendix A be noted.

12.3 The Carbon Budget for 2013/14 included in Appendix A be approved.

12.4 The current Carbon Budget method is applied until the impacts of the simplification of the CRCEES are assessed and that Officers be instructed to report further to Members to make recommended alterations as a result of the simplification process.

12.5 Corporate targets for 2013/14, 2014/15 and 2015/16 proposed in Section 2.2.4 of this report be approved.

12.6 Managers are directed to ensure that Carbon Reduction Implications of projects and initiatives are assessed and reported as required by the standard report template. Impacts must be reported to the Sustainability Unit to support the carbon management process.

13.0 REASON/S FOR RECOMMENDATION/S

13.1 To set a Carbon Budget that will help the Council to meet local and national emissions targets, assist in the management and operation of the CRCEES and contribute to reducing energy consumption and costs.

13.2 To allow a review of the Carbon Budget method that will permit improvements to be implemented that will ensure it complements other mandatory schemes and removes duplication of effort.

13.3 Approval of interim target figures provides a performance measure aimed at achieving the long term corporate carbon reduction goal.

13.4 Reporting of carbon impact implications will support the carbon management process and reduce costs.

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APPENDICES

Appendix A – Carbon Budget Performance Table for Local Authority Buildings

REFERENCE MATERIAL

Delegated report "Development of an externally accredited ISO 50001 Energy Management System for carbon management" – (31 July 2012).

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Council (Notice of Motion)	14 December 2009
Budget Cabinet	22 February 2010
Budget Council	1 March 2010
Cabinet	25 November 2010
Cabinet	21 February 2011
Budget Council	1 March 2011
Cabinet	14 April 2011
Budget Cabinet	21 February 2012

Appendix A - Carbon Budget Performance Table for Local Authority Buildings

Baseline Carbon Footprint (2008/09): 45,481 tonnes

Responsible Department	*2012/13 CO ₂ Emissions Target (tonnes)	**Actual Emissions Oct 11 to Sept 2012 (tonnes)	Required Saving by 31 March 2013 (tonnes)	*2013/14 CO ₂ Emissions Target (tonnes)	Reduction required to meet 2013/14 CO ₂ Emissions Target (tonnes)
ADULT SOCIAL SERVICES	1,433	1,282	0	1,362	71
SCHOOLS	10,830	10,846	16	10,273	557
CYPD	1,404	962	0	1,334	70
CORPORATE SERVICES	0	0		0	0
LHR & AM	3,903	3,947	44	3,663	240
FINANCE	697	667	0	662	35
TECHNICAL SERVICES	14,509	16,430	1,921	11,863	2,646
TOTAL	32,776	34,134	1,358	29,157	3,619

* When the first Carbon Budget was agreed, targets were set for the three years 2010/11, 2011/12 and 2012/13. Targets for 2013/14 onwards are subject to approval by Budget Cabinet but have been calculated to meet long term corporate goals. Annual targets are revised at each six monthly update when available data is reviewed to compensate for: underperformance; changes in the Council's estate and meet corporate carbon emissions reduction goals. The targets above take these updates into account.

**The last full twelve month period for which data is available.