

WIRRAL COUNCIL

BUDGET CABINET

12 FEBRUARY 2014

| | |
|--------------------------------------|----------------------------------|
| SUBJECT: | CARBON BUDGET 2013/14 |
| WARD/S AFFECTED: | ALL |
| REPORT OF: | ASSISTANT CHIEF EXECUTIVE |
| 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 2013/14 (Appendix A) and the revisions that are required to meet Corporate Goals for 2014/15.
- 1.2 Council 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 Corporate Plan 2013 – 2016 states that we should spend less on ourselves and obtain best value for every penny we spend. In the portion relating to Asset Management, the Transformational Projects report (Cabinet 23 May 2013, Minute 249 refers) identifies: the lowering of building running costs; carbon output; and associated penalties as measures that will deliver budget savings through reduced running costs. The Carbon Budget process promotes these aims.
- 1.4 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 and the costs associated with it.
- 1.5 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.
- 1.6 This report does not contain exempt information.

2.0 BACKGROUND AND KEY ISSUES

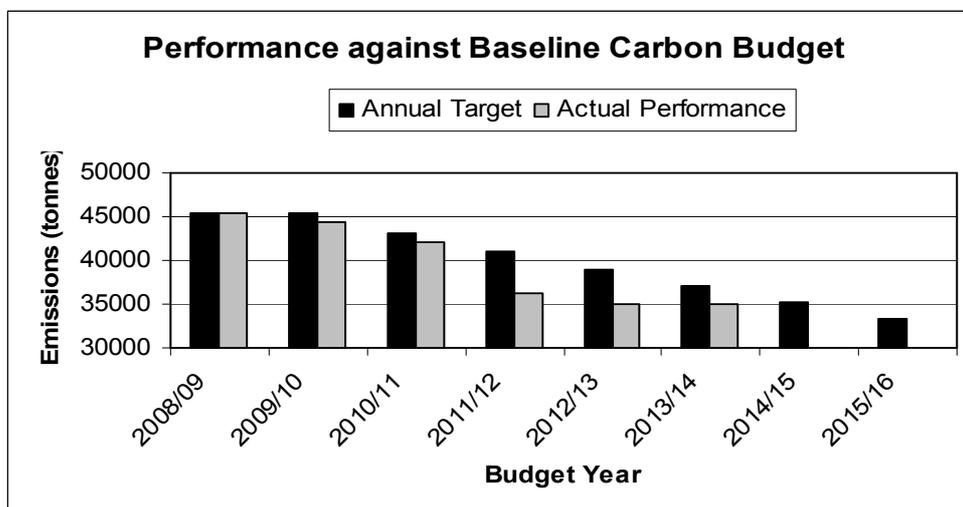
2.1 Background

- 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 Carbon emission figures for a twelve month period are calculated every six months. This information is used to compile a performance report 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 2012 to 30 September 2013.
- 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 Corporate target is based on the aim 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 and 18 February 2013. 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 corporate target for 2012/13 is 37,044 tonnes CO₂.
- 2.2.4 Wirral's calculated carbon footprint for the period 1 October 2012 to 30 September 2013 is 35,069 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 2013/14 and for the next financial year.
- 2.2.5 It is acknowledged that the Council is undergoing significant changes and will continue to do so over the next two 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.

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 The performance target differs from the corporate target as it only presents carbon emissions and targets for the assets that remain in the Council's portfolio.
- 2.3.3 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 2012 to 30 September 2013, total emissions are calculated to be 16.08% higher than the 2013/14 performance target.
- 2.3.4 Actual emissions for 1 October 2012 to 30 September 2013 are 935 tonnes higher than those reported for the same 2011/12 period on 18 February 2013. The convention for reporting environmental indicators is to report absolute figures without compensating for extreme conditions. This largely explains apparent poor performance. Degree Day analysis for the Region suggest that energy for space heating was over 18% higher the previous year which implies a higher use of gas to maintain the same internal temperatures. October, November and December 2013 have been considerably warmer than the same period in 2012. This will be reflected in the year-end figures. Projects, community asset transfers and planned sale of assets realised before 31 March 2014 will also contribute to reducing the present shortfall.
- 2.3.5 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 the reduction in staff numbers and assets.
- 2.3.6 The Carbon Budget process will be further developed in light of anticipated changes to Phase 2 of the mandatory Carbon Reduction Commitment Energy Efficiency Scheme (CRCEES) and organisational needs. This process has been delayed as detailed guidance on CRCEES Phase 2 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 Projects for which carbon implications have been calculated represent a potential reduction of 922 tonnes CO₂.
 - Planned Asset transfers and sales could further reduce the carbon footprint. 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 of a Voltage Optimisation system at the site is projected to save an additional 46.7 tonnes CO₂ each year.
 - Other projects, initiatives and service reviews that are in progress will also reduce carbon emissions. 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 scheduled quarterly attendance at each Department's Departmental Management Team (DMT) meetings was suspended over the restructuring period. Changes in the Asset Management section were only completed in October 2013 and a delivery programme that can be delivered with reduced resources is under development.
- 2.4.3 A delegated year end Carbon Budget report for the 2012/13 financial year was approved by the Portfolio Holder and became effective on 2 October 2013.
- 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. Work has started on a compliant Energy Management Policy that will provide the foundation of the system as required by the standard.
- 2.4.5 Training sessions for 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 appropriate channels.
- 2.4.6 Energy awareness raising messages aimed at all remaining Energy Champions and general staff have include Council Intranet news items and targeted advice for dissemination to colleagues.
- 2.4.7 Schools have been supported through Governor and Bursar training sessions and input to the "Eco-Schools" initiatives.
- 2.4.8 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.

- 2.4.9 Departmental Management Teams have been provided with a series of actions on improving energy efficiency to communicate to their staff in the past. This will be reinstated at the earliest opportunity once new Departmental responsibilities are reflected in the Asset List
- 2.4.10 Report Authors are required to report carbon reduction implications due to projects and actions they have planned. 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.
- 2.4.11 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.
- 2.4.12 The Government has issued a report of the consultation on the simplification of the CRCEES. The scheme's managing agent, the Environment Agency issued updated guidance for the remainder of Phase 1 of the scheme in March 2013. Detailed guidance for CRC Phase 2 that starts on 1 April 2014 has yet to be issued. 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 that support 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 is now incorporated into the Building Services and Sustainability Team within Universal and Infrastructure Services and will engage with the renewed Management structure as it develops in order to consult, assist and inform on how to achieve carbon targets.

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 reducing carbon emissions. 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 expenditure by spending less on ourselves has been identified as a priority 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 goal. Reducing Carbon output is identified as a measure that will deliver budget savings through reduced running cost of Council assets in the Transformational Projects report (Cabinet 23 May 2013, Minute 249 refers). Carbon output will not be reduced without an effective management process that reports regularly on performance.

- 10.2 The Carbon Budget Performance chart (Item 2.2.2) 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 for 2013/14 that have been fully assessed suggest the Council could reduce CO₂ emissions by approximately 2,379 tonnes which would positively assist in meeting future emissions targets. However, financial, resource and other considerations 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); the Council's emerging Core Strategy; and national planning policies.
- 11.3 There are no recommendations in this report that impact on Community Safety. However, carbon, energy and cost saving measures need to be assessed individually to ensure that Community Safety is not compromised.

12.0 RECOMMENDATION/S

- 12.1 It is recommended that:
- 12.1.1 Progress towards the 2013/14 target included in Appendix A be noted.
- 12.1.2 The Carbon Budget for 2014/15 included in Appendix A be approved.
- 12.1.3 The current Carbon Budget method is applied until the impacts of: the ongoing simplification of the CRCEES; and the Corporate restructuring are assessed and that Officers be instructed to report further to Members to make recommended alterations as a result of these processes.
- 12.1.4 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 Building Services and Sustainability Section 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

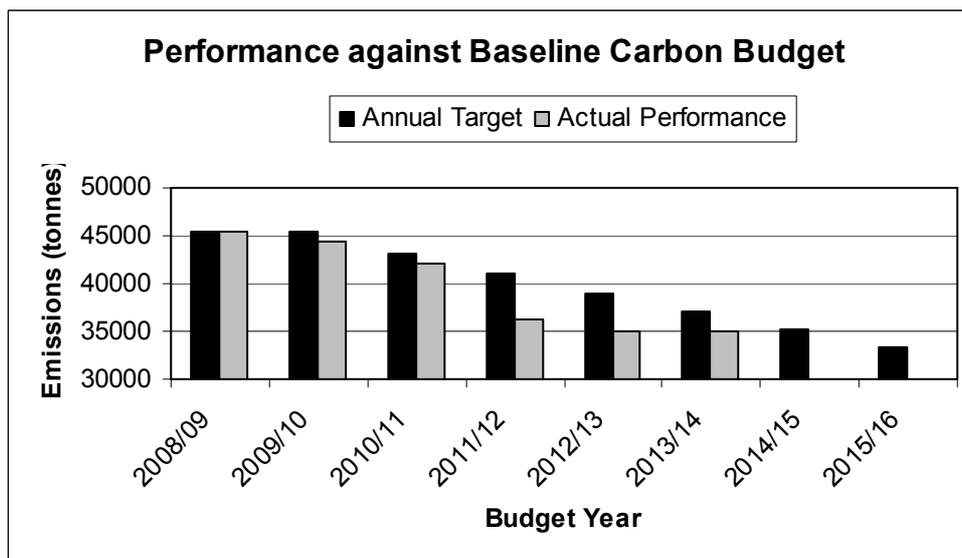
Appendix A – Carbon Budget Performance Table for Local Authority Buildings

SUBJECT HISTORY

| 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 |
| Budget Cabinet | 18 February 2013 |
| Delegated Progress Report | 2 October 2013 |

Appendix A - Carbon Budget Performance Table for Local Authority Buildings

The graph below shows corporate emissions of carbon dioxide (CO₂) against the average annual 5% reduction that is required to meet a 60% CO₂ emissions reduction target by 2025.



To date, we have reduced emissions of CO₂ by 10,412 tonnes from a 2008/09 baseline of 45,481 tonnes, a reduction of 22.89% over 3.5 operational years.

October 2012 to September 2013 performance has already exceeded the 2013/14 emissions target by 5.33%

Although the Corporate target has been met, year to date emissions are slightly higher than those reported for the 2012/13 financial year.

Factors that have affected performance both positively and negatively are:

- Weather conditions: The extended periods of cold weather over the 2012/13 winter period.
- Continued rationalisation of the Council estate.
- Conversion of schools to Academies over which the Council has no direct control. This excludes them from the Carbon Budget process.
- Continuing energy efficiency initiatives and impact of past measures.

| Financial Year | Annual Target (tonnes) | Actual Performance (tonnes) |
|--------------------|------------------------|-----------------------------|
| 2008/09 (Baseline) | 45,481 | 45,481 |
| 2009/10 | 45,481 | 44,286 |
| 2010/11 | 43,207 | 42,131 |
| 2011/12 | 41,047 | 36,166 |
| 2012/13 | 38,994 | 35,052 |
| 2013/14 | 37,044 | 35,069 YTD figure |
| 2014/15 | 35,192 | - |
| 2015/16 | 33,432 | - |

Note: Targets for 2013/14 onwards were agreed at Budget Cabinet 18 February 2013 (Minute 209 refers)

DEPARTMENTAL PERFORMANCE OCTOBER 2012 TO SEPTEMBER 2013

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

| Responsible Department | *2013/14 CO ₂ Emissions Target (tonnes) | **Actual Emissions Oct 12 to Sept 2013 (tonnes) | Required Saving by 31 March 2014 (tonnes) | *2014/15 CO ₂ Emissions Target (tonnes) | Reduction required to meet 2014/15 CO ₂ Emissions Target (tonnes) |
|------------------------------|--|---|---|--|--|
| ADULT SOCIAL SERVICES | 1,071 | 1,154 | 83 | 935 | 136 |
| SCHOOLS | 9,931 | 11,558 | 1,627 | 7,807 | 2,124 |
| CYPD | 1,196 | 911 | 0 | 1,136 | 6 |
| CORPORATE SERVICES | 0 | 0 | 0 | 0 | 0 |
| LHR & AM | 3,588 | 4,034 | 446 | 2,962 | 626 |
| FINANCE | 662 | 749 | 87 | 542 | 120 |
| TECHNICAL SERVICES | 13,764 | 16,663 | 2,899 | 10,177 | 3,587 |
| TOTAL | 30,212 | 35,069 | 4,857 | 23,559 | 6,653 |

* 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 were approved by Budget Cabinet 18 February 2013 and 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.