

READING BOROUGH COUNCIL

REPORT BY DIRECTOR FOR ECONOMIC GROWTH & NEIGHBOURHOOD SERVICES

TO:	STRATEGIC ENVIRONMENT, PLANNING & TRANSPORT COMMITTEE		
DATE:	30 JUNE 2021		
TITLE:	PROGRAMME AND SPEND APPROVAL FOR LOW CARBON CAPITAL INVESTMENTS		
LEAD COUNCILLOR:	CLLR PAGE	PORTFOLIO:	STRATEGIC ENVIRONMENT, PLANNING & TRANSPORT
SERVICE:	DEGNS	WARDS:	ALL
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1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The 2021/22 Budget, approved by Council in in February 2021, included capital funding for the period to 2023/24 for a programme of low carbon investment (energy efficiency and renewable energy installations) to help achieve the corporate Carbon Plan target of an 85% reduction in the Council's carbon emissions by 2025. The contents of this programme have now been further developed (see summary at Appendix 1) with governance being provided by the corporate Climate Programme Board. The programme consists of a series of small and medium sized projects for which it would be impractical to seek approval to spend on an individual basis. Spend on projects needs to commence shortly for the programme to deliver the anticipated benefits in the required timescales. Approval to spend is therefore being sought via this paper for the programme as a whole based on the summary set out in Appendix 1.
- 1.2 The programme involves some new technologies and approaches, so some flexibility is needed as projects may drop out of the programme (e.g. if an adequate business case can not be made), and new projects brought in to deliver the requisite carbon savings and returns on investment where required. As such, the recommendations seek this flexibility. Similarly, various Government funding streams will become available over the coming years and, given the tight timescales anticipated for submission of bids, the paper seeks appropriate delegations to submit bids and commit sums within the approved capital programme as match funding where required.
- 1.3 See also Appendix 1: summary of low carbon investment programme.

2. RECOMMENDED ACTION

2.1 That the Committee:

- (i) Notes progress with the development of the Council's low carbon investment plans as summarised in Appendix 1
- (ii) Gives programme and spend approval for the programme as set out in Appendix 1 within the budgetary limits set in the MTFS

- (iii) Delegates agreement of any significant variance from the programme as set out in Appendix 1 to the Director for Economic Growth & Neighbourhood Services in their capacity as Chair of the Climate Programme Board
- (iv) Authorises the Director for Economic Growth & Neighbourhood Services, in consultation with the Director of Finance and Lead Member for Strategic Environment, Planning and Transport, to submit external funding bids relevant to the programme and to commit sums identified within the programme's approved capital budgets as match funding for bids as required.

3. POLICY CONTEXT

3.1 The Reading Climate Emergency Strategy 2020-25, which was endorsed by the Policy Committee in November 2020, reaffirmed the goal of achieving a net zero carbon Reading by 2030 as set out in the Council's climate emergency declaration of February 2019. At the same time as endorsing the Climate Emergency Strategy for the Borough, the Policy Committee also adopted a new corporate Carbon Plan for the organisation covering the period 2020-25. This set an ambitious target of an 85% reduction in the Council's CO2 emissions by 2025, compared to the 2008/09 baseline. Key to achievement of this target is additional investment in the Council's assets to reduce energy use, improve energy efficiency and increase renewable energy generation, and the 2021/22 Budget and MTFS included provision for £7.111m investment in this area up to 2023/24 (including an assumed £450k from grant income). This investment is reflected in three budget lines in the capital programme as follows:

<i>Capital budget £</i>	<i>20/21</i>	<i>2021/22</i>	<i>2022/23</i>	<i>2023/24</i>
<i>Salix Re-circulation Fund</i>	<i>288,000</i>	<i>300,000</i>	<i>250,000</i>	<i>250,000</i>
<i>Salix Decarbonisation Fund</i>	<i>384,000</i>	<i>416,000</i>	<i>600,000</i>	<i>400,000</i>
<i>Renewable energy</i>	<i>-</i>	<i>2,073,000 (inc. 450,000 grant income)</i>	<i>1,546,000</i>	<i>604,000</i>

4. THE PROPOSAL

4.1 **Current Position:** the low carbon investment programme is now developing apace. A summary of the programme is at Appendix 1. At the forefront of these plans is equipping the Bennet Road depot with the infrastructure required to accommodate the planned fleet of EV Refuse Collection Vehicles, the first of which is due to arrive in the summer, and installation of solar arrays at Bennet Road to enable 'self-supply' of renewable electricity.

4.2 **Options Proposed:** the programme consists of a series of small and medium sized projects for which it would be impractical to seek approval to spend on an individual basis. Spend on projects needs to commence for the programme to deliver the anticipated benefits in the required timescales. Approval to spend is therefore being sought via this paper for the programme as a whole as set out in Appendix 1, with appropriate delegations to approve variance from this as required.

4.3 **Other Options Considered:** approval to spend could in theory be sought on a project by project basis but the urgency with which decisions may need to be taken are unlikely to align with Committee timescales. This is therefore considered impractical and a potential barrier to timely implementation of the programme.

5. CONTRIBUTION TO STRATEGIC AIMS

5.1 The recommendations in this report align with Corporate Plan priorities as follows:

- **Healthy Environment:** the recommendations are designed to support effective and timely implementation of investment plans which will help deliver the Council's ambitions to become a 'net zero carbon' organisation by 2030, as part of the wider ambition set out in the corporate plan of a carbon neutral Reading by 2030.
- **Thriving Communities:** the recommendations are designed to support effective and timely implementation of investment plans which will help deliver the Council's ambitions for Reading's communities to be protected from the worst impacts of a changing climate.
- **Inclusive Economy:** the recommendations are designed to ensure effective and timely implementation of investment plans which will help deliver the Council's ambitions for development of Reading's 'low carbon economy' by stimulating demand for low carbon goods and services.

6. ENVIRONMENTAL AND CLIMATE IMPLICATIONS

6.1 The Council declared a Climate Emergency at its meeting on 26 February 2019 (Minute 48 refers), endorsed the Reading Climate Emergency Strategy 2020-25 in November 2020 and adopted a new corporate Carbon Plan 2020-25 also in November 2020. The recommendations in this report will enable more timely and effective delivery of investment plans designed to deliver the key aims of the Carbon Plan and will contribute directly towards the Carbon Plan target of an 85% reduction in RBC emissions by 2025, *en route* to becoming a net zero organisation by 2030.

7. COMMUNITY ENGAGEMENT AND INFORMATION

7.1 Section 138 of the Local Government and Public Involvement in Health Act 2007 places a duty on local authorities to involve local representatives when carrying out "any of its functions" by providing information, consulting or "involving in another way". The recommendations in this report relate to approved budgets which were the subject of public consultation as part of the budget setting process.

8. EQUALITY IMPACT ASSESSMENT

8.1 An Equality Impact Assessment is not considered necessary for the recommendations in this report as they do not have implications for groups with protected characteristics.

9. LEGAL IMPLICATIONS

9.1 There are no legal implications arising from the recommendations in this report.

10. FINANCIAL IMPLICATIONS

10.1 The expenditure proposals in this paper are fully funded in the 2021/22 capital budget approved by the council in February 2021. Energy savings will accrue from the programme and there will also be future energy costs avoided. There will be some modest maintenance costs arising from some renewable energy installations (e.g. solar panels) which will need to be absorbed within maintenance budgets of the relevant buildings or assets.

11. BACKGROUND PAPERS

11.1 Documents that have been relied upon to a material extent in drafting this report are as follows:

- *Carbon Plan 2020-25*, Reading Borough Council, November 2020
- *Capital Strategy 2021/22*, Reading Borough Council, February 2021

Appendix 1: Summary of RBC Low Carbon Capital Investment Programme

Notes

1. The 2021/22 Budget and MTF5 included provision for £7.111m investment across three budget lines (Renewable Energy, Decarbonisation Fund and SALIX Recirculation Fund) up to 2023/24. This figure comprises £6.661m in RBC capital supplemented by an assumed income from grants of £0.45m.
2. The table below identifies projects currently within the programme to be funded from RBC capital totalling £6.661m (marked ‘**’ in the table). Where external funding bids envisaged in relation to these are successful, this could enable additional projects to be brought into the programme.
3. The table below sets these projects in the context of the wider low carbon investment programme worth some £10.798m to be funded by the £6.661m in RBC capital, plus other projects for which external grant has been secured or for which it is envisaged funding bids will be submitted.
4. Approval to spend is already in place for the school window projects and solar PV projects but they are included here for completeness.
5. Feasibility studies have generally been funded via successful Low Carbon Skills Fund grant applications as per Policy Committee report on External Funding Applications (January 2021).

Building/Site	Details	Cost estimate (£000's)	21/22	22/23	23/24	RBC Capital Budget	External funding streams	Current status
Hexagon*	<ul style="list-style-type: none"> • Insulation • Ground Source Heat Pump • LED stage lighting • Solar PV • Battery storage 	892*				Decarbonisation Fund Renewable Energy	PSDS (future round), CHG, HNIP	Feasibility complete
Bennet Road*	<ul style="list-style-type: none"> • EV charging infrastructure • Solar PV • Battery storage 	1,072*				Decarbonisation Fund Renewable Energy	n/a	Feasibility complete
Civic Offices*	<ul style="list-style-type: none"> • Water Source Heat Pump 	800*				Decarbonisation Fund	PSDS (future round)	Feasibility complete
Weirside Court*	<ul style="list-style-type: none"> • Water Source Heat Pump 	325*				Decarbonisation Fund Renewable Energy	PSDS (future round)	Feasibility complete
Bristow Court*	<ul style="list-style-type: none"> • Ground Source Heat Pumps 	597*				Decarbonisation Fund Renewable Energy	PSDS (future round)	Feasibility complete
Smallmead/Island Road*	<ul style="list-style-type: none"> • Solar PV 	1,150*				Renewable Energy	n/a	Cashflow analysis
Crematorium*	<ul style="list-style-type: none"> • Solar PV • Battery storage • Energy efficiency measures 	70*				Renewable Energy	n/a	Feasibility complete

Building/Site	Details	Cost estimate (£000's)	21/22	22/23	23/24	RBC Capital Budget	External funding streams	Current status
Schools	<ul style="list-style-type: none"> Double glazing for windows 	2,477				PSDS (50%) School Condition Grant (50%)	PSDS (round 1)	Grant awarded, procurement underway
Schools	<ul style="list-style-type: none"> Whole school retrofit Heat pumps Fabric improvements Renewable energy 	850				PSDS (subject to successful funding bid)	PSDS (future round)	Details of future rounds of PSDS awaited
Schools	<ul style="list-style-type: none"> Solar PV arrays x 5 	560				PSDS	PSDS (round 1)	Grant awarded, procurement underway
Rivermead Leisure Centre	<ul style="list-style-type: none"> Water source heat pump 	250				CHG (subject to successful bid)	CHG	Details of CHG awaited
Insulation projects (sites to be specified)*	<ul style="list-style-type: none"> Insulation programme 	300*				SALIX Recirculation Fund	SALIX	Programme of minor works
Energy efficiency projects (sites to be specified)*	<ul style="list-style-type: none"> Corporate estate energy efficiency measures 	577*				SALIX Recirculation Fund	SALIX	Programme of minor works
Heat pumps projects (sites to be specified)*	<ul style="list-style-type: none"> Heat Pumps x 5 for corporate buildings 	825*				Decarbonisation Fund	PSDS (future round)	Details of future rounds of PSDS awaited
Miscellaneous*	<ul style="list-style-type: none"> Contingency 	53*				Renewable Energy Decarbonisation Fund		
Total (including externally funded projects)		10,798						
Total (funded from RBC approved capital budget)		6,661						

Key to external funding streams

CHG = Clean Heat Grant (government grant scheme in design phase, to replace Renewable Heat Incentive)

HNIP = Heat Network Investment Project (existing government grant scheme)

PSDS = Public Sector Decarbonisation Scheme (existing government grant scheme administered by SALIX)

SALIX = existing 'recirculation' loan fund operated by SALIX finance at 0% interest