

Brighton & Hove City Council

Policy & Resources Committee

Agenda Item 60

Subject: Allocation of Carbon Neutral Fund 2022-24

Date of meeting: 6 October 2022

Report of: Executive Director, Economy Environment & Culture

Contact Officer: Name: Rachel Williams
Tel: 01273 291098
Email: rachel.williams@brighton-hove.gov.uk

Ward(s) affected: All

For general release

1. Purpose of the report and policy context

- 1.1 The 2030 Carbon Neutral Programme is one of the council's key commitments with an ambitious target to become a carbon neutral city by 2030. From 2019, the council's Carbon Neutral Fund has been a valuable tool to support and accelerate climate and biodiversity action by council services.
- 1.2 This report sets out proposals for the allocation of Carbon Neutral Fund in 2022-23 and 2023-24 to support delivery of the council's 2030 Carbon Neutral Programme.

2. Recommendations

- 2.1 That Committee agrees the allocation of £7,808,990 of the Carbon Neutral Fund to the climate action and biodiversity projects as set out in Appendix 1

3. Context and background information

- 3.1 The Carbon Neutral Fund (CNF) supports the delivery of the 2030 Carbon Neutral Programme which was approved by this Committee on March 2021. The programme is the city council's main response to the climate and biodiversity emergencies and supports the delivery of climate action projects (both carbon reduction and climate change adaptation) and biodiversity projects. The £14.000m capital funding available to support climate action and biodiversity projects in 2022-23 and 2023-24 was approved at Budget Council in February 2022. On 7 July 2022 this committee approved the following allocations from this £14.000m capital funding:

- Air Quality – Two Automatic Analyser Stations and continued diffusion tube monitoring: £0.050m in 2022-23 and £0.150m in 2023-24
 - Expanding Liveable Neighbourhoods: £1.100m in 2022-23 and £1.000m in 2023-24
 - Carbon reduction measures to operational buildings: £1.500m in 2022-23 and £2.000m in 2023-24 (£1.500m in each year will be on a spend to save basis)
 - Carbon Neutral Fund prioritisation process for the remaining £8.200m
- 3.2 A call for the 2022-24 round of CNF projects was launched in late June with a deadline of 20 July. Council services were invited to submit Expressions of Interest (EOIs) for CNF funding, outlining their proposed climate action and biodiversity projects. There was a strong response: 37 EOIs were received for a total value of £13.200m. There has been an increase in the number of EOIs submitted, from 11 in 2019 to 37 in 2022. The submitted EOIs covered all five themes of the Carbon Neutral Programme. Since the first call for projects in 2019, there is increased engagement across the organisation in responding to the climate and biodiversity emergency and delivering climate action and biodiversity projects, and this is reflected in the number and range of projects coming forward.
- 3.3 Projects were scored using six main criteria:
- Is the project area/theme included in the [Carbon Neutral Programme](#)? – Yes/No
 - Is it considered capital spend? – Yes/No (all projects were reviewed by Finance to determine eligibility in terms of capital expenditure)
 - Will it have high/medium impact on carbon emissions? - score
 - Does it conserve or enhance biodiversity? - score
 - Does it have significant co-benefits e.g. relating to air quality, public health, addressing the cost-of-living crisis, community wealth building, public engagement? - score
 - Can it realistically be delivered by March 2024? Yes/No
- 3.4 The recommended list of 29 projects set out in Appendix 1 delivers on all three strands of the Carbon Neutral programme: Carbon Reduction (24 projects), Climate Adaptation (3 projects) and Conserving & Enhancing Biodiversity (2 projects). As anticipated, given the focus of the Carbon Neutral Programme over the last few years, most of the projects are tackling carbon reduction but there is scope to expand the adaptation and biodiversity themes in future years, in line with our ambitions as set out in the high level 22-23 and 23-24 work programme included in the July 2022 P&R Committee report. This planned work includes:
- developing carbon reduction pathways to help drive strategic planning and to prioritise the most impactful actions towards the carbon neutral target which could be supported through future Carbon Neutral Fund allocations
 - undertaking a Climate Risk and Vulnerability Assessment to understand the local impacts of future climate change and to prioritise

adaptation actions which could be supported through future Carbon Neutral Fund allocations

- reviewing the case for a new biodiversity KPI with the aim of driving progress to better address the biodiversity emergency

3.5 The wider work outlined above will shape the strategic direction for the next seven years and assist with the identification of programme milestones. Research and data analysis will help identify the highest impact areas for action to help move the city towards our ambitious goal of carbon neutrality by 2030. A further report on wider strategic planning will be brought to Policy & Resources Committee in spring 2023 to help direct how to take the programme forward.

3.6 There is a good spread of projects addressing all five themes of the Carbon Neutral Programme: Energy & Water, Travel & Transport, Built Environment, Waste and Nature & Environment, and two of the cross-cutting themes: Adaptation and Circular Economy.

3.7 In determining which projects to fund, the focus has been on project quality. Officers are developing projects for the pipeline, but some are in earlier stages of development, so it is helpful there is £0.391m funding remaining to fund additional projects. There will be a second call from the remaining CNF in 2023. Furthermore, there is a capacity issue: officers are very committed to delivering the CNF projects approved in 2021 and these need to be further advanced before they can take on additional projects. It is important that a backlog in delivery is avoided. Where services were proposing to deliver several CNF projects in 2022-24, assurances were sought that the group of projects were deliverable by 31 March 2024.

3.8 Through the project assessment process there was a particular focus on deliverability. Specifically, where teams have already received CNF in 2021, new project allocations will be agreed subject to the following conditions around expenditure:

- The CNF 2022 approved project cannot start until the CNF 2021 project spend exceeds 50%, and
- The CNF 2022 project must start spending / start work within 6 months of allocation of funding (ie by April 2023)

If these conditions are not met the 2022 offer of CNF funding will be withdrawn and the funds taken back into the CNF pot for allocation to other projects. These conditions will be applied on a case-by-case basis as some projects may have legitimate reasons for delayed expenditure eg working through planning permission, procurement processes or may have built in a planning period that exceeds six months. In addition, there may be exceptional cases where projects have legitimate reasons to start 2022 projects immediately, with confidence that the 2021-funded project will have spent 50% by April 2023.

3.9 The city council is still in the process of developing action plans or strategies to deliver on its ambitions in some areas, such as a city Sustainable Urban

Drainage (SuDS) strategy or a city biodiversity action plan. However, the CNF provides valuable support for projects (e.g. Norton Road Rain Gardens project; Kingsway to the Sea; Rewilding Residents of Brighton & Hove; Downland Dew Pond Creation) to help develop pathways towards creating those strategic frameworks and deliver on our overall ambitions to address the climate and biodiversity emergencies.

- 3.10 The co-benefits of CNF projects are numerous and include improvements to air quality, public health, the public realm and the local economy. It is also anticipated that there will be cost savings from CNF projects. The majority of reportable revenue savings will come from Water and Energy efficiency projects. Cost savings from biodiversity conservation and enhancement projects, as well as climate change adaptation and transport projects, are often indirect and more difficult to estimate. Projects that reduce the council's carbon footprint by extending the lifetime of public assets can also save the council money.
- 3.11 The CNF also helps leverage external funding into the city. 13 of the 29 proposed projects are either in receipt of external match-funding or are in the process of bidding for external match-funding. Previously funded CNF projects have accessed match funding from a number of organisations including DEFRA, Countryside Stewardship, Brighton & Hove Buses, National Heritage Lottery Fund and Countryside Stewardship.

4. Analysis and consideration of alternative options

- 4.1 This CNF call was oversubscribed with 37 EOIs to a total value of £13.200m for the £8.200m CNF available. Eight projects are not being progressed under this call. Projects were not allocated funding in this round for a number of reasons including: the project being at a too early stage of development, concerns about deliverability by 31 March 2024, being considered 'Business as Usual' activities, not being in line with the Carbon Neutral Programme and issues over maintenance of the proposed asset.

5. Community engagement and consultation

- 5.1 The cross-party 2030 Carbon Neutral Member Working Group reviewed the proposed CNF allocations at its meeting on 8 September 2022. The group welcomed the draft list of projects which would support all strands of the carbon neutral programme and endorsed the focus on deliverability. They supported the use of conditionality for CNF 2022 allocations to help expedite spend on previously funded projects and to potentially recycle funding back in for new council projects if there is not a realistic prospect of it being spent.

6. Conclusion

- 6.1 Approval of the CNF projects set out in Appendix 1 will help to accelerate climate and biodiversity action through the delivery of council-led projects. The proposed project list is considered to meet the criteria established for the allocation of the £7,808,990 from the Carbon Neutral Fund. There will be a second call from the remaining CNF in 2023.

- 6.2 The 29 recommended projects deliver on all three strands of the Carbon Neutral programme: Carbon Reduction, Climate Adaptation and Conserving & Enhancing Biodiversity, in line with our ambitions for the next 18 months as set out in the high level 22-23 and 23-24 work programme included in the July 2022 P&R Committee report.

7. Financial implications

- 7.1 Budget Council in February 2022 approved new capital resources to support the Carbon Neutral 2030 programme of £7.500m for 2022/23 and £6.500m for 2023/24. These allocations include up to £1.500m per year for spend to save proposals relating to operational buildings where a business case demonstrates projects generate sufficient financial gains to cover the financing costs of borrowing in addition to contributing to carbon neutrality.
- 7.2 The remaining £11.000m is also funded through borrowing with the financing costs reflected in the agreed budget for 2022/23 and is treated as a corporate priority financial commitment in 2023/24.
- 7.3 The Carbon Neutral Fund report to this committee in July 2022 set out high level allocations of the overall funds including £8.200m for the Carbon Neutral Fund Prioritisation process and this report recommends progressing 29 projects at an estimated cost of £7.809m leaving £0.391m available for future priority allocations.
- 7.4 The projects identified include potential revenue savings and/or mitigate rising utility costs and the impact, once the projects are delivered, will be reflected in future years budgets.

Name of finance officer consulted: James Hengeveld Date consulted: 22/09/22

8. Legal implications

- 8.1 There are no legal implications arising directly from this report. There may be implications in relation to some of the spend which will be considered on a project by project basis.

Name of lawyer consulted: Alice Rowland Date consulted: 22/09/22

9. Equalities implications

- 9.1 The Carbon Neutral Fund supports projects which will help to address a range of equalities issues affecting Brighton & Hove communities, such as improving access to and facilities in our green spaces, improving accessibility of electric vehicles, monitoring air quality, and reducing the risk of flooding to properties. In addition a number of projects will help the council to operate more efficiently, by reducing energy use and fuel bills in our property and city parks, thus helping the operation of services for the residents of Brighton & Hove.

10. Sustainability implications

- 10.1 The 2030 Carbon Neutral Programme is the council's main response to the climate and biodiversity emergencies and there are sustainability implications throughout. The Carbon Neutral Fund helps support delivery of the climate and biodiversity action projects included in the programme, many of which have wider co-benefits such as improvements to air quality, energy security and public health.

11. Public health implications:

- 11.1 The programme has many co-benefits relating to public health. For example, tree planting and enhancing green spaces in the city has a beneficial impact on mental and physical health and wellbeing; and reducing emissions from transport assists in improving air quality and therefore people's health.

Supporting Documentation

1. Appendices

1. Proposed Carbon Neutral Fund Allocations 2022-24