

To: City Executive Board

Date: 12th September 2012

Report of: Environmental Development/Cleaner Greener Oxford Board

Title of Report: CARBON MANAGEMENT PLAN 2012-2017: "CARBON REDUCTION AT THE HEART OF EVERYTHING WE DO"

Summary and Recommendations

Purpose of report: This report details the refreshed and updated Carbon Management Plan for Oxford City Council for the next 5 years. The original plan was adopted by Council in April 2008. It has now been updated to reflect the significant progress made to date, the extended scope of emissions covered and the stretch target recently adopted by Council of a 5% year on year reduction in CO₂ emissions from Council buildings and operations.

Key decision? No

Executive lead member: Cllr John Tanner (Cleaner, Greener Oxford)

Policy Framework: Cleaner, Greener Oxford

Recommendation(s): The City Executive Board are asked to:

- (1). Adopt the Carbon Management Plan 2012-2017 as attached at Appendix 1,
- (2) Note that all departments across the Council will need to make sustained efforts to assist in delivery of the Plan and ensure targets are met (including contributing to maximising use of Salix funds) and;
- (3) support the ongoing development of the carbon management programme that will be managed by the Cleaner, Greener Oxford Board.

Appendices to report: **Appendix 1:** Carbon Management at the Heart of Everything we do: Oxford City Council Carbon Management Plan: 2012-2017 Version 1.2;
Appendix 2: Risk Register;
Appendix 3: Equalities impact assessment

Introduction and background

1. Oxford City Council adopted its first Carbon Management Strategy and Implementation Plan (Getting our House in Order) in 2008/09 which mapped out a path to a lower carbon council over 5 years and beyond. This was an ambitious Plan and the first key milestone was achieved in March 2011 with the Council implementing measures to reduce carbon dioxide (CO₂) emissions by 25% (ca2,500tCO₂) against the original 2005/6 baseline (ca10,000tCO₂).
2. In the first three years of the carbon management programme, the Council has received national recognition for its successes and achievements in this area.
3. This has led to a series of knock-on benefits attracting significant funds into the City and boosting activities in the City-wide approach to CO₂ emissions reduction. Since 2008 the Council has accrued the following significant achievements in the field:
 - Been the first local authority to achieve the Energy Reduction Verification kitemark in 2011
 - Been “*Highly Commended*” in the Low Carbon Council category of the Local Government Chronicle awards 2011/12)
 - Is one of 9 leading Local Authority (LA) areas in the UK invited to take part in the Department of Energy and Climate Change (DECC) sponsored Low Carbon Frameworks project (leading to winning nearly £360k of additional funding which has helped kick-start Oxford low carbon communities projects and Low Carbon Oxford initiative)
 - Launched and developed the innovative Low Carbon Oxford initiative – bringing together key “pathfinder” organisations in the City to reduce the Carbon footprint of Oxford
4. As part of the original carbon management plan, a 3% year on year CO₂ reduction target applied from 2011/12 onwards. However, the Council has now decided to raise its ambition recognising the progress made to date and its leadership role within the City. The 3% per year target will therefore be lifted to 5% per year. This will set the local standard for carbon reduction and act as a spur to the Low Carbon Oxford initiative, where pathfinders have currently committed to at least 3% year on year reduction.
5. A £300k revolving loan fund from 2013/14, operating in a similar way to the Salix fund, will assist with resourcing the additional stretch on the annual target. This fund will have a wider brief than Salix to enable carbon reduction through longer term and non-building related investments. It will maintain the principle applied using the Salix fund of including project management costs in the total of the loan to enable delivery of measures.

6. As the more obvious and accessible carbon reduction measures have already been implemented, it is now time to update the Carbon Management Plan to take account of the enhanced year on year reduction targets and changes in the scope of activities included. The revised plan; attached at Appendix 1 outlines the route to achieving the new goals and reflects the change in scope.
7. The revised Carbon Management Plan ("*Carbon Reduction at the Heart of everything we do*") outlines our programme of activity for carbon management over the next 5 years building on the strong platform of achievement to date. It sets out the strategic context and the 'case for action', our revised carbon emissions scope and baseline, proposed projects and areas of activity and actions to reduce our emissions, as well as the governance arrangements (and escalation routes) to keep the programme on track.

Scope of Emissions covered in the new plan

8. The scope of the updated carbon management plan will cover all sites that are the Council's energy billing responsibility, sites that are significant emissions sources within the Council's operations and sites where we can use Salix funds to implement energy efficiency measures. It will bring in significantly more CO₂ emissions sources than in the original baseline from 2005/6 as data availability and quality has improved. The scope goes beyond the level of that currently required for mandatory local government carbon reporting such as via the Carbon Reduction Commitment Energy Efficiency Scheme and the Department of Energy and Climate Change (DECC) Annual Green House Gas reporting.
9. The revised baseline year emissions for 2011/12 were approximately 10,600tCO₂. This means that the first year 5% target will require the Council to put measures in place to reduce CO₂ emissions by around 530tCO₂ during 2012/13. Over the five years to 2016/17 this will mean implementing carbon reduction measures of around 2400tCO₂.

Meeting the 5% year on year target

10. Stretching the target from 3% to 5% and the increased scope means that it is vital that the Council as a whole makes full contributions in reducing carbon emissions over the next 5 years. The following measures and approaches will be applied towards meeting the target over the 5 years to 2016/17:
 - Salix and Salix-Plus funded energy efficiency measures in buildings
 - Active energy management – monitoring and targeting – ISO 50001/Energy Management systems;
 - Estate rationalisation;
 - Member, Contractor and Staff energy awareness activities;
 - Waste reduction activities;
 - Fleet energy reduction;

- Renewable Energy installations – Solar PV and biomass;
- Use of Energy Services Companies / Energy Performance Contracts
- Carbon budgeting/accounting (see below)

Carbon accounting

11. An innovative carbon budgeting/accounting system is in the process of being introduced across the Council setting annual CO₂ targets per service area/cost centre. This will raise awareness of the need to monitor and reduce carbon emissions and hold departments accountable for performance. Full engagement with the carbon accounting process should bring forward carbon reduction opportunities as part of planned works as well as better housekeeping resulting in reduced carbon emissions

Risks and mitigating factors

12. The risks to the Council are failure to deliver the carbon management plan and miss opportunities to mitigate energy and carbon allowance spend increases and reduce the overall carbon footprint of the organisation. Reducing year on year CO₂ emissions will reduce the number of carbon allowances that the Council is required to purchase under the Carbon Reduction Commitment_Energy Efficiency Scheme (CRC_EES). The cost per tonne of CO₂ emitted during 2011/12 was £12 leading to a CRC_EES allowance payment of £61,344 during the reporting year 2011/12. The cost per tonne of CO₂ is set to rise in future reporting years. Other risks highlighted relate to delivery of the plan should for example resources available diminish or funding/budget cuts happen during the course of the implementation phase. A risk register is attached (see Appendix 2), outlining the potential risks including a risk to the future of the Salix fund if it is not possible to implement projects at the required rate of spend by the Salix administration. (Potentially having to return the £200k match fund won in 2008 that has assisted us in meeting our CO₂ reduction targets to date.)

Climate change implications

13. The Carbon Management Plan outlines how the Council will achieve its annual CO₂ reduction targets: one of the Council's key corporate priorities (Cleaner Greener Oxford). It will provide a framework for the Council achieving its annual CO₂ reduction targets and contribute towards minimizing the Council's carbon and ecological footprints.

Equalities Impact Assessment

14. Energy management and reducing the Council's carbon emissions is the responsibility of all Members, staff and contractors at the Council. An Equalities Impact Assessment is attached (See Appendix 2). The conclusion of this initial assessment is that there are no adverse impacts on any part of the community; however Oxford City Council is mindful of

the important leadership role we play across our communities. Energy costs have a disproportionate effect on those on the lowest incomes so it is vital that the Council communicates clearly the reasons for managing energy and reducing carbon emissions. The aims and progress of the Council's carbon management activities are communicated regularly to staff, citizens, community groups and businesses through various media such as the intranet, Your Oxford, regular press releases and through the Council's lead role in the Low Carbon Oxford and related initiatives (e.g. the Low Carbon Hub and the Low Carbon Living programme). Best practice and information on low carbon approaches from the Council's experience in delivery its carbon management plan are shared regularly with a range of stakeholders through these approaches.

Financial implications

15. Based on extrapolation from experience and expertise built up in meeting the 25% and 3% carbon targets from 2005/06, it was identified that in order to deliver the 5% year on year carbon reduction target a £300k Salix-style revolving loan fund ("Salix plus") for investment in carbon reduction measures, with less restriction than the existing Salix fund.
16. The £300k ("Salix plus") revolving fund bid was approved as part of the Medium Term Financial Plan from 2013/14 and will be reviewed as part of the annual refresh in the autumn.
17. Assuming it is approved, it is proposed that the new £300k revolving loan fund will mirror the rules of the existing £405k Salix fund and allow a project management fee for delivering a carbon reduction project to be wrapped up in the project cost and form part of the amount that is re-paid. This will mean that funds could be employed to pull in expertise to assist in developing projects up to full implementation. This will impact on the total available to spend on carbon reduction measures and will be kept under review.
18. The main funding streams for implementing low carbon technology across the estate in the period to end of 2016/17 are therefore the Salix £405k revolving loan fund and the £300k **Salix-Plus** fund assuming it is approved as part of the budget process.
19. Salix money can fund up to 5 times the monetary value of energy saving potential of any viable upgrade measures (e.g. lower energy lighting, heat recovery systems, and insulation measures). This will mean that Salix can provide added leverage to project funds and make project budgets go further.
20. The key to unlocking the potential of the fund is ensuring that Salix opportunities are fully considered at the appropriate stages of Council projects (e.g. Major refurbishment projects, office rationalisation projects) and that due consideration is given to working up the potential

savings/costs that are required to assess for Salix viability. Proactive input from all relevant parts of the Council is required to ensure projects are identified and flagged to the Energy team so that they can be worked up into Salix funded projects.

Energy utilities spend

21. Carbon reduction measures are a good risk management approach in mitigating the impact of year on year energy price increases which will affect the Council increasingly in future.
22. Oxford City Council avoided annual energy costs are calculated to be circa £290,000 per annum in 2011/12 relative to 2005/06 due to implementation of the carbon management programme of activities and installations. Continuation of strong progress in this area will lead to continued mitigation of energy utility cost increases.

Carbon Reduction Commitment Energy Efficiency Scheme (CRC_EES)

23. Reducing the risk of penalties and charges arising from the Carbon Reduction Commitment Energy Efficiency Scheme (CRC_EES) are also key benefits of establishing a robust carbon management plan and achieving year on year carbon reduction targets. Reducing year on year CO₂ emissions will reduce the number of carbon allowances that the Council is required to purchase under CRC_EES. The cost per tonne of CO₂ emitted during 2011/12 was £12 leading to a CRC_EES allowance payment of £61,344 during the reporting year 2011/12. The cost per tonne of CO₂ is set to rise in future reporting years.

Legal implications

24. There are no legal implications related to this strategy itself aside from the Council's related need to fulfill the statutory requirements of the Carbon Reduction Commitment Energy Efficiency Scheme (CRC-EES) legislation. A robust carbon management strategy will assist in providing a framework for managing and reducing carbon emissions and the impact of the CRC-EES.

Staffing Implications

25. There are no staffing implications to the establishment.

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Appendix 1: Carbon Management Plan 2012-2017

Appendix 2: Risk Register

Appendix 3: Equalities Impact Assessment