

NOT FOR PUBLICATION

Appendix A contains exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972

Report to: **Executive**

Date: **7th April 2022**

Title: **Climate Change and Biodiversity Action – Council net-zero update**

Portfolio Areas: **Cllr Tom Holway**

Wards Affected: **All**

Urgent Decision: **N** Approval and clearance obtained: **Y**

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RECOMMENDATION

That the Executive:

- 1. Notes the progress on plans aligned to the aim of the Council being net-zero by 2030 and increasing biodiversity on its own land by 10% by 2025.**
- 2. RECOMMEND to Council to delegate authority to the S151 Officer, in consultation with the Leader of the Council and the Executive Member for Finance, to approve and agree the lending terms to Fusion Leisure for a loan of up to £500,000 to facilitate solar panel installation across all four SHDC Leisure Centres over the remaining term of the leisure contract, in accordance with treasury management advice.**

3. RECOMMEND to Council to delegate authority to the S151 Officer, in consultation with the Leader of the Council and the Executive Member for Finance, to update the Council's Capital Strategy, Investment Strategy and Treasury Management Strategy for 2022/23 for a £500,000 loan provision to Fusion Leisure for the solar installation, in accordance with treasury management advice.

1. Executive Summary

- 1.1 The Council declared a Climate Change and Biodiversity emergency in 2019 and subsequently developed and adopted a Climate Change and Biodiversity Strategy ('the Strategy') and Action Plan in December 2020 (minute 28/20 refers).
- 1.2 The Council has approved an earmarked reserve of £600,000 to support delivery against the aims set out in the Strategy and this is being allocated against projects and grants schemes as these are developed and implemented.
- 1.3 The following report sets out progress and the potential carbon savings (or biodiversity net gain) from significant projects aligned to two of the three Councils adopted aims. Namely, Aims 1 and 3, reducing its carbon footprint to net-zero by 2030 and increasing biodiversity on its own land by 10% by 2025.
- 1.4 The project to convert both our light vehicle fleet and our ferries to electric will save in the order of 371 tCO₂e (tonnes of carbon dioxide equivalent) which equates to 62% of the emissions that the Council has direct control over (which are scope 1 and 2 emissions).
- 1.5 A further key proposal contained within the report is the business case to invest a further £500,000, in the form of a loan to Fusion Leisure (as the chosen provider for the Councils' leisure facilities), to install solar arrays on the four leisure centres within the District. This will reduce carbon emissions, save Fusion around two thirds of its energy bill costs and add to Fusion's financial resilience by lessening their exposure to energy price rises. The savings that Fusion will make on their energy costs will enable them to repay the annual costs of the borrowing repayments as the savings are predicted to be in excess of the loan repayments illustrated in Appendix A.
- 1.6 The report also confirms that approved changes to the grounds maintenance procedures will ensure that our adopted aim of increasing biodiversity on our land by 10% by 2025 will be comfortably exceeded.

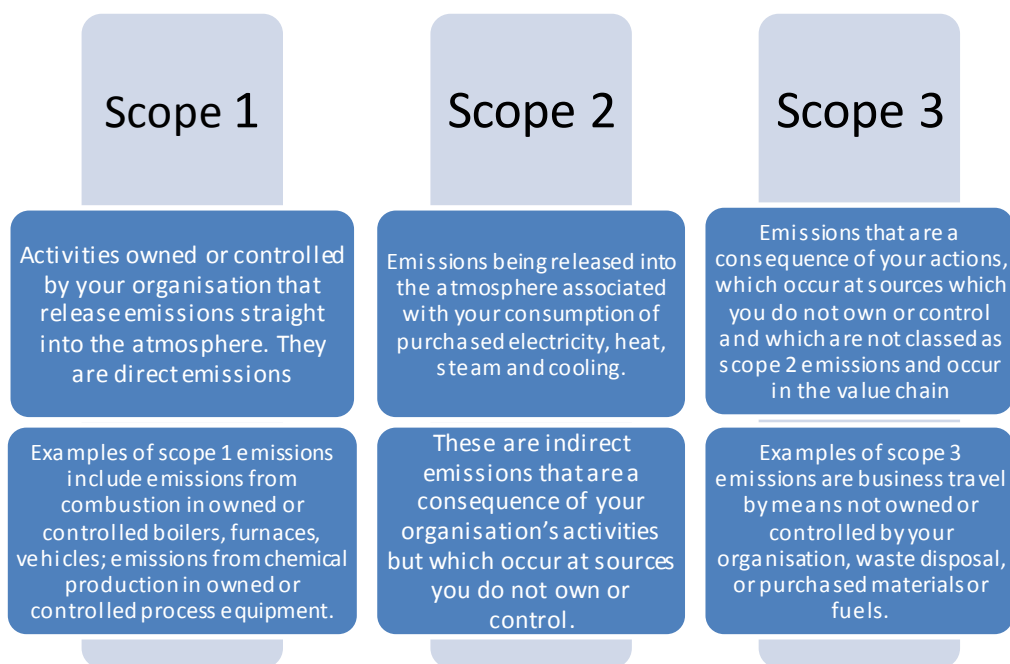
- 1.7 The report also provides an update on the latest estimate of the Council's Greenhouse gas emission inventory; effectively the Council's Carbon Footprint.

2. Background

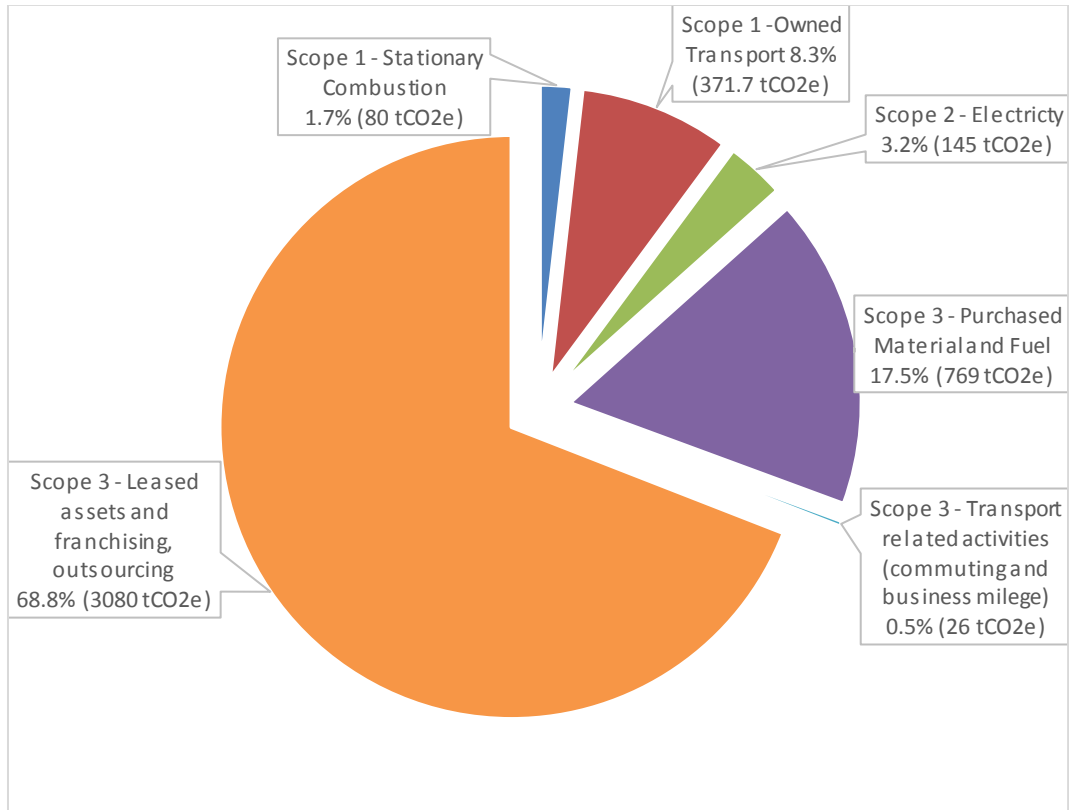
- 2.1 The Climate Change and Biodiversity Strategy and Action Plan was adopted on 17th December by the Council. It was noted that the Action Plan will be a continually evolving document and that delegated authority be granted to the Director of Governance and Assurance, in consultation with the Executive Member for Climate Change and Biodiversity, to make revisions to the Plan as and when deemed necessary
- 2.2 The Council adopted the following aims;
 1. That the Council aim to reduce its organisational carbon emissions to net-zero by 2030;
 2. That the Council commit to working with partners through the Devon Climate Emergency Response Group to aim to reduce the District of South Hams' carbon emissions to net-zero by 2050 at the latest; and
 3. That the Council aim for a 10% Biodiversity Net Gain in the habitat value of its green and wooded public open space by 2025.
- 2.3 It is recognised that identifying and reducing the Council's own carbon emissions will have a number of direct and indirect impacts on the wider ambition of adapting to and mitigating against the impacts of climate change.
- 2.4 For example, the Council plays an important role in community leadership and setting the right example regarding the impact of its own activities can play an important role securing behaviour change and raising awareness of the climate emergency.
- 2.5 South Hams District Council Greenhouse Gas Emissions (Carbon Footprint) 2020/21**
- 2.6 South Hams District Council commissioned a second study into our greenhouse gas emissions ('carbon footprint') last year following a review of our data internally and changes to our practices, such as the outsourcing of the waste service and more clarity into our own fuel uses.
- 2.7 The Council has committed to reducing operational carbon emissions to Net Zero by 2030. This target applies to the whole council operation, from scopes 1, 2 and 3.

2.8 It is widely recognised that reducing Scope 1 and 2 emissions is far easier, relatively, than reducing Scope 3 emissions. As a result some authorities have set targets based solely on reducing Scope 1 and 2 emissions. Our aim as set out above (3.2) is challenging and, as our work continues with Exeter University, we will set out a trajectory, based on carbon budgets, outlining the contribution each project will have in achieving our adopted aim. A further report will be brought to the Executive in due course.

2.9 The graphic below illustrates the differences between the emissions scopes;



2.10 The chart below shows our emissions breakdown for 2020/2021



2.11 The total greenhouse gas emissions for South Hams District Council in 2020/2021 (as set out in the pie chart above) was 4471.2 tonnes of Carbon dioxide equivalent (tCO₂e). Carbon dioxide equivalent or CO₂e is a measure used to compare the emissions from various greenhouse gases on the basis of their global-warming potential.

2.12 To work out the carbon emissions of an activity, an activity is multiplied by an emissions factor related to that activity. As an illustration, the 2020/2021 emissions factor for electricity is 0.23314 kgCO₂e per kWh. Taking the electricity consumed by Follaton House that year which was 214439 kWh, it is then multiplied by the emissions factor of 0.23314 which gives you a CO₂e figure of 49994.31 kilograms CO₂e or 49.99 tonnes CO₂e. This represents approximately one third of our Scope 2 electricity emissions (see chart in 3.5 above). The CO₂e emissions factors are published yearly by the Department for Business, Energy & Industrial Strategy.

- 2.13 The biggest proportion of the councils greenhouse gas emissions relate to its activities under Scope 3 – essentially the emissions over which we have least control. Out of the 3080 tCO₂e from leased assets, franchising and outsourcing, 430.6 tCO₂e are attributed to our leisure centres energy use alone. As we own the leisure centres we are, unusually for Scope 3, able to directly act to reduce these emissions as set out further in this report.
- 2.14 At the moment, the most detailed way to calculate procurement and purchasing emissions doesn't reflect the true nature of the emissions. It is a standard calculation that doesn't account for whether or not your supplier has any carbon saving measures in their own operations. This approach therefore negates our ability to reduce emissions by, for example, procuring goods and services from net-zero suppliers.
- 2.15 We are actively working with partners to investigate ways to better account for purchasing so we can have greater influence over the resultant carbon emissions.

3. Reducing our Carbon Emissions – Practical Actions

- 3.1 Exploring Scope 3 further, our transport related activities (commuting and business mileage) were much less than normal because of COVID-19 enforced lockdowns. By way of comparison, if we were operating as we were before lockdown, the emissions for the year would have been circa. 248 tCO₂e for commuting, compared to the estimated 14 tCO₂e arising from our working practices during the pandemic.
- 3.2 This is a clear example of what can be achieved through relatively straightforward actions such as increased remote working. We will continue to support and further develop our ability to support this approach whilst retaining an emphasis on customer focussed, efficient services.
- 3.3 The combined total of Scope 1 and 2 emissions (those we have greatest influence on) is 596.6 tCO₂e.
- 3.4 Influencing these emissions will require a range of actions including conducting energy audits on all of our assets and, for example, retrofitting them in line with the recommendations of the audit.

- 3.5 A key action that we are progressing is converting our fleet (including ferries) to EV. We are in the process of appointing an EV Project Officer through an internal secondment whose responsibility will be to produce a forward fleet plan and kick-start the transition of our light vehicle fleet to electric.
- 3.6 In addition, we are at the early stages of exploring, with partners from industry and Plymouth University, a Marine Decarbonisation Plan (MDP) which would include Salcombe Harbour and Dart Lower Ferry.
- 3.7 These projects combined, have the potential to save around 371.7 tCO₂e per year (162.1 tCO₂e for vehicles and 209.6 tCO₂e for our ferries).
- 3.8 For clarity, the table below illustrates some of the savings for the projects currently underway;

Scope	Scope Total (tCO₂e)	Action	Potential saving (tCO₂e)	% reduction of overall carbon footprint
1	451.7	EV Fleet Transition	162.1	3.6% (35% of our total Scope 1)
1	451.7	Marine decarbonisation	209.6	4.7% (46.5% of our total Scope 1)
3	4096.8	Embedded Remote Working	234	5.2% (5.7% of Scope 3)
3	4096.8	Solar Panels for Leisure Centres (see 6 below)	131	2.9% (3.19% of Scope 3)

- 3.9 As for some of the other actions that have already been taken against scope 1, 2 and 3 already, the Council opted to secure a certified green gas supply in 2021 which can be accounted for in future greenhouse gas accounts.
- 3.10 Furthermore, we continue to promote our EV salary sacrifice scheme to staff and explore the potential for renewable energy on our land and buildings.

4. Organisational practices

- 4.1 Following the Carbon Literacy Training carried out in collaboration with Torbay Council and West Devon, our Council is now accredited as a bronze level Carbon Literate Organisation. A Carbon Literate Organisation (CLO) is an organisation that has been accredited by The Carbon Literacy Project as having a substantial commitment to Carbon Literacy.



- 4.2 What this means in reality is the extended leadership team understand the importance of the climate emergency and how their own service areas can contribute to change both organisationally and across the district.
- 4.3 Now that the understanding is in place we are developing a decision making tool to better inform projects and policy at development stage to ensure that they align with the need to reduce carbon emissions and improve biodiversity.
- 4.4 Embedding these principles at the early stages of the decision-making process will help deliver against our adopted aims as set out in 2.2, above.

5. Aim 3 – Biodiversity

- 5.1 As for aim 3, our target to increase biodiversity on our own green spaces, the Council has now approved changes to its ground maintenance procedures along with a commitment to allocate £46,000 from the earmarked Climate Change and Biodiversity reserve for equipment and seed.
- 5.2 The new approach is expected deliver in excess of 36% Biodiversity Net Gain across Council green spaces by 2025. This is well in excess of our adopted aim of 10%. However, we will continue to explore ways to achieve more and propose to review our target when the overall strategy is reviewed after upon the publication of the final Devon Carbon Plan

6. Leisure Centres – Solar Panel Installation

- 6.1 As the chosen provider for the Councils' leisure facilities, Fusion Leisure have been actively encouraged by the Council to work in partnership to support the energy reduction targets and reduction of carbon footprint for the facilities.
- 6.2 Fusion Leisure are a high energy user. In 2022, the leisure centres in South Hams and West Devon are forecast to use 2,000,000 kWh electricity. Broadly, this equates to circa 1,333,000 kWh in South Hams.
- 6.3 Fusion is the bill payer for the utilities at all leisure centres and will directly benefit from the cost savings which will result from purchasing less electricity from the grid.
- 6.4 Fusion Leisure have been working with a number of solar installers to understand the cost of solar panel installation across the leisure centres in South Hams, namely Quayside, Totnes, Ivybridge and Dartmouth.
- 6.5 The anticipated costs as of February 2022 were circa £400,000 to install solar arrays on the roofs of these four leisure centres.
- 6.6 It is proposed, in order to secure the carbon benefits, that the Council loan an amount to Fusion Leisure of up to £500,000, to facilitate installation of solar panels, with repayments being made over the remaining term of their leisure contract (19 years remaining).
- 6.7 It is proposed to provide the loan from SHDC to Fusion Leisure at a commercial rate (above the PWLB interest rate), to recognise the benefits of the scheme for both parties. An illustration is attached in Appendix A.
- 6.8 The solar schemes are forecast to generate approx. 569,260 kWh per annum which equates to under a half of the energy (electrical) requirements of the centres.
- 6.9 The project will reduce carbon emissions by circa 130,000 kg CO₂e (131 tCO₂e), as detailed below:
- Quayside Leisure Centre 50,290kg CO₂e (50 tCO₂e)
 - Totnes Leisure Centre 37,278kg CO₂e (37tCO₂e)
 - Ivybridge Leisure Centre 20,164kg CO₂e (20 tCO₂e)
 - Dartmouth Indoor Pool 23,835kg CO₂e (24tCO₂e)
- 6.10 As an illustration, the CO₂ emissions from the leisure centres in 2020/2021 was 430.6 tCO₂e, this includes electricity and gas use.

- 6.11 Fusion Leisure anticipate a programme of works of circa 12 months to complete installations.
- 6.12 Please note, the installation of solar panels at Totnes leisure centre would be included in the completion of the proposed redevelopment plans.
- 6.13 The recommendation to provide a £500,000 loan to Fusion Leisure to install solar arrays will reduce carbon emissions, save Fusion around two thirds of its energy bill costs and add to Fusion's financial resilience by lessening their exposure to energy price rises. The savings that Fusion will make on their energy costs will enable them to repay the annual costs of the borrowing repayments as the savings are predicted to be in excess of the loan repayments illustrated in Appendix A. The loan repayments will be fixed over the remaining term of the leisure contract (19 years).
- 6.14 The savings in Fusion's electricity bills (before the forecast price rises – i.e. at today's prices) are in the region of £75,000 across the centres.
- 6.15 The pricing in the construction sector is currently extremely volatile and inflation is a challenge for cost certainty. As such, a delegation to agree the actual loan amount to Fusion is necessary.
- 6.16 It is recommended to Council to delegate authority to the S151 Officer, in consultation with the Leader of the Council and the Executive Member for Finance, to approve and agree the lending terms to Fusion Leisure for a loan of up to £500,000 to facilitate solar panel installation across all four SHDC Leisure Centres over the remaining term of the leisure contract, in accordance with treasury management advice.
- 6.17 It is recommended to Council to delegate authority to the S151 Officer, in consultation with the Leader of the Council and the Executive Member for Finance, to update the Council's Capital Strategy, Investment Strategy and Treasury Management Strategy for 2022/23 for a £500,000 loan provision to Fusion Leisure for the solar installation, in accordance with treasury management advice.

7. Conclusion

- 7.1 A range of projects are coming forward, through Better Lives for All and the adopted Climate Change and Biodiversity Strategy that will significantly reduce the Council's Scope 1 and 2 emissions and contribute towards a reduction in the Scope 3 emissions.
- 7.2 The Council has already approved a budget of £600,000 to deliver a range of projects and grants aligned with the adopted strategy and it is proposed to further the Council's commitment to its adopted aims by providing a loan of £500,000 to Fusion Leisure.

8. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	The public interest test has been applied to Appendix A and the public interest lies in non-disclosure.
Financial implications to include reference to value for money	Y	<p>It is recommended to Council to delegate authority to the S151 Officer, in consultation with the Leader of the Council and the Executive Member for Finance, to approve and agree the lending terms to Fusion Leisure for a loan of up to £500,000 to facilitate solar panel installation across all four SHDC Leisure Centres over the remaining term of the leisure contract.</p> <p>A loan is to be provided from SHDC at a commercial rate (above the PWLB interest rate) to Fusion Leisure, to recognise the benefits of the scheme for both parties. An illustration is attached in Appendix A.</p> <p>The recommendation to provide a £500,000 loan to Fusion Leisure to install solar arrays will reduce carbon emissions, save Fusion around two thirds of its energy bill costs and add to Fusion's financial resilience by lessening their exposure to energy price rises. The savings that Fusion will make on their energy costs will enable them to repay the annual costs of the borrowing repayments as the savings are predicted to be in excess of the loan repayments illustrated in Appendix A. The loan repayments will be fixed over the remaining term of the leisure contract (19 years).</p>

Risk		The savings that Fusion will make on their energy costs will enable them to repay the annual costs of the borrowing repayments as the savings are predicted to be in excess of the loan repayments illustrated in Appendix A. The loan repayments will be fixed over the remaining term of the leisure contract (19 years).
Supporting Corporate Strategy	Y	Natural Environment, Built Environment, Communities, Homes
Equality and Diversity	N	No direct implications
Safeguarding	N	No direct implications
Community Safety, Crime and Disorder	N	No direct implications
Health, Safety and Wellbeing	Y	The provision of energy efficiency measures will have a positive impact on the health, safety and wellbeing of the households.
Other implications		

Supporting Information

Appendices:

EXEMPT Appendix A – Loan model illustration