

SOUTH WEST WALES CORPORATE JOINT COMMITTEE

Energy Sub-Committee

13th May 2024

Report of the Chief Executive

Report Title: Costed Decarb plans and the funding challenge for Net Zero 2030

Purpose of Report	To provide information on the current position concerning a costed delivery plan for Net Zero and the wider funding challenges from the perspective of one local authority.
Recommendation(s)	It is recommended that members note the content of this report.
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Introduction / Background:

1. At the last meeting of the South West Wales Corporate Joint Committee (SWWCJC) Energy Sub-Committee, the question of accuracy and consistency of costed plans was raised. This then led into a further query around availability of funding to enable delivery of costed plans.
2. The purpose of this report is to inform SWWCJC of the approach taken by Swansea Council and the start of the journey following direction from the Welsh Audit Office (WAO) that in order to meet its net zero ambition the Council needs to fully cost its action plan and ensure that it is aligned with its Medium-Term Financial Plan. This to culminated in a report to Swansea Council Cabinet December 2022.

This set out a very high-level summary of potential costs to achieve Net Zero for scopes 1 (Fleet, Grey Fleet, Street Lighting and Mobile Equipment) & 2 (Buildings & Energy) emissions:

Scope 1& 2

Category	Current t CO2e (21-22)	Spend already allocated	Projected t CO2 based on spend already allocated	Investment option A	Projected t CO2e Based on Inv A – Future Funding Ops	Investment Option B	Projected t CO2e Based on Inv B – further funds required.	Balance of t CO2e	Cost
Buildings & Energy	21,031	£1.3m retrofit, £26,400 ERF (Energy Sparks)	379 103 (1% of bills)	£7m retrofit (Salix Finance/WG Funding Programme) – 8 years payback on investment	4,438	£93m investment on building decarbonisation programmes	12,889	3,222	£101.5m million investment excluding cost of offsetting
Street Lighting	2,041	£1m approved	159	£800,000 required to complete.	118			1,764	£1.8million
Fleet & Mobile Equipment	6,100	£484,000 assigned to EV £300,000 grant for charging points. £40,000 plus annual fee for data base mgt – internal budget		£7m to 2027 only for light commercial vehicles. EV fleet charging points - £700,000 - £1m.		150 HGVs x price differential of £200k each +£30m Further 200 light commercial @ +£8m 450 mixed coming around again @ before 2030 @ +£10m	Average of 760 t reduction per year	0	+£55m to 2030
Grey Fleet	285	£1.5m social care.					Average of 36 t reduction per year	0	£1.5m
Total	29,457								£159.8m
Land Use	-5,594							-5,000	£27.5m
Total	23,863								£187.3m

It was though stated that, if the expected reductions could actually be achieved and accepted by Welsh Government (WG) as being allowable, this would still leave net emissions for Swansea Council of approximately 6000 tonnes of CO2.

In order to establish the financial cost of offsetting this figure two scenarios were presented for information.

The first being that Swansea Council either assume that land could be identified and purchased in the Swansea boundary and, if allowable, be accounted for in its return to WG. This could equate to circa 1,100 hectares of established forest i.e. for more than 20 years, or 4,166 hectares of grassland. Even if either could be identified this could be established as a likely capital cost of £27,500,000 based on current woodland values of approximately £25,000 per hectare.

Alternatively, in theory, carbon credits could be purchased at the market rate at that time of circa £78 per tonne per annum which generates an approximate revenue cost of £400,000 pa. The estimated figure was undoubtedly high level and at the time

considered to be likely understated. This has been proven to be the case. Recently commissioned studies into offsetting and asset decarbonisation of Swansea Council buildings with City Science and SIA partners have indicated that challenges around heat replacement alternatives could reduce the anticipated asset decarbonisation to a likely 55% instead of the 80% target used in the initial costed plan. The new indicative cost has risen to £111k per t/CO₂e from £7.5k per t/CO₂e. This brings the estimated building costs to £178m, which as opposed to the reported estimate at £101m. but again this is likely underestimated but is helpful as a marker for the scale of the challenge.

In order to ensure there is consistency across all of Wales, Local Partnerships (LP) are developing a scenario planner, building on good work they have already been undertaking with Cardiff. The planner will be hosted online and made freely available to all councils. It will generate estimated costs and emissions of different building and fleet decarbonisation options. These can then be tested against each other, as well as the status quo, to help you make strategic decisions about decarbonisation planning. This will be a valuable source of forecasting data for informing our pathway to net zero and, importantly, to understand the impacts on the 2030 target of key decisions along the way.

In the case of the LP work, they will use the data we already collate to feed into the annual public sector carbon emissions monitoring (relating to energy use, buildings and vehicle fleet). They will use commercial benchmarks to allocate costs and carbon savings for a range of potential carbon saving measures identified as suitable to the council's assets. Our officers can then use the tool to test different scenarios and, ultimately, understand which pathway to net zero is the most appropriate for your authority.

The importance of identifying likely costs will be critical when it comes to identifying funding requirements. From a Swansea perspective any core funding is going to be limited and any funding will have to come from national governments. This of course does not fully align with the direction from WAO.

We continue to explore all funding opportunities other than Salix finance, which in itself is now no longer interest free, with a focus on Grant funding over loan borrowing. In order to maximise any funding identified we are putting together a small programme of projects with feasibility studies so that when the opportunities arise we are able to actively apply as due to limited resources are finding last minute applications a challenge in relation to the time needed in a short window that the funding presents itself.

Also to be noted, most grants require an additional capital contribution/match funding from in order to qualify and without this we are limited to what we can access. Some Authorities have a Carbon budget set aside for such times that they can apply on the basis that this budget remains year on year whether it through ringfencing a percentage of savings from active projects or just setting that budget each year.

Suggestions have been made for a similar process to be set up for Swansea, however, with the current challenges this is unlikely.

3. Financial Impacts:

None. This report is for information only.

4. Integrated Impact Assessment:

The CJC is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, and must in the exercise of their functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Acts.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.
- Deliver better outcomes for those people who experience socio-economic disadvantage.
- Consider opportunities for people to use the Welsh language.
- Treat the Welsh language no less favourably than English.
- Ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

In recognition of the above duties, the CJC has adopted an Integrated Impact Assessment (IIA) Tool which allows for a 2-stage approach to be undertaken to measure any potential impact of its decisions.

The CJC approved its Corporate Plan 2023-2028 in March 2023. The Corporate Plan includes the CJC's Equality Objective which is set out below for ease of reference:

“To deliver a more equal South West Wales by 2035 by contributing towards:

- (a) The achievement of the [Welsh Government's long-term equality aim](#) of eliminating inequality caused by poverty;*
- (b) The achievement of the [Equality statement set out in Llwybr Newydd](#) which is to make our transport services and infrastructure accessible and inclusive by aiming to remove the physical, attitudinal, environmental, systemic, linguistic and economic barriers that prevent people from using sustainable transport,*

and

- (c) [The achievement of the Welsh Government's long-term equality aims](#) of cohesive communities that are resilient, fair and equal and where*

everyone is able to participate in political, public and everyday life. There will be no room for racism and / or discrimination of any kind.”

Well-being of Future Generations (Wales) Act 2015

Alignment with CJC Corporate Plan 2023-2028 and the identified CJC Well-being objectives:

The Well-being of Future Generations (Wales) Act 2015 mandates that public bodies in Wales must carry out sustainable development. Sustainable development means the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the ‘well-being goals’.

The CJC approved its Corporate Plan 2023-2028 in March 2023. The Corporate Plan contains the CJC’s well-being objectives and frames the corporate direction of travel. To this end, it is considered that the recommendation(s) contained within this report align(s) to the corporate policy framework of the CJC as set out within its Corporate Plan,

Well-being Objective 1

*“To collaboratively deliver the Regional Economic Delivery Plan and **Regional Energy Strategy** thereby improving the decarbonised economic well-being of South West Wales for our future generations.”*

Well-Being Objective 2

“To produce a Regional Transport Plan for South West Wales that is founded on collaboration and enables the delivery of a transport system which is good for our current and future generations of people and communities, good for our environment and good for our economy and places (rural and urban).”

Well-Being Objective 3

“To produce a sound, deliverable, co-ordinated and locally distinctive Strategic Development Plan for South West Wales which is founded on stakeholder engagement and collaboration and which clearly sets out the scale and location of future growth for our future generations.”

5. Workforce Impacts:

There are no workforce impacts associated with this report.

6. Legal Impacts:

There are no legal impacts associated with this report as for information only.

7. Risk Management Impacts:

No impacts

8. Consultation:

No requirement as this report is for information only.

9. Reasons for Proposed Decision:

No requirement as this report is for information only.

10. Implementation of Decision:

No requirement as this report is for information only.

11. Appendices:

None.

12. List of Background Papers:

South West Wales Corporate Joint Committee - Energy Sub-Committee
10.00am 27th February 2024

[Agenda for South West Wales Corporate Joint Committee - Energy Sub-Committee on Tuesday, 27th February, 2024, 10.00 am: NPT CBC](#)