

Net Zero Decarbonisation Fund – January 2023 Update

Background

As part of its 2022/23 budget, West Suffolk Council committed to an additional £9 million Capital Investment facility to support its net zero ambitions. This investment fund sits within the Investing in Our Growth Agenda Fund (funded in the main by external borrowing), in the capital programme to deliver environmental projects. Overall, this is anticipated to deliver a **31 percent carbon saving on council operations**, together with a return to the council of **2 percent** after allowing for borrowing costs.

The Decarbonisation fund is being utilised across the following projects:

- **Council Buildings:** Improve the energy efficiency and incorporate renewable energy (electricity and/or heat) into buildings
- **Electric Vehicle fleet (EV) and associated infrastructure investment:** replace small vehicles on fleet with EVs when replacement falls due
- **Expansion of our West Suffolk Solar for Business scheme.**

Further benefits of this work include adding insulation to homes, lowering ongoing costs, and reducing risk of mould for tenants, and energy cost savings for businesses that help protect against market volatility.

This report provides an update on progress in 22/23 to date. A full report will be provided in the annual Environment and Climate change action plan update to Cabinet in July 2023.

External Factors

Since creating the fund, there have been several external developments that have impacted the work of the council in this space. Globally, inflation has risen significantly – with the UK experiencing an increase of over 10%. While this trend began during the pandemic, the war in Ukraine, since 24 February 2022, has injected additional uncertainty into the global economy, impacting on energy and food, and causing added inflationary factor.

Wholesale energy prices, as well as the cost of borrowing, have increased rapidly since the second half of 2021. West Suffolk Council's efforts to reduce emissions and improve the environment are increasingly framed against the need to help meet the challenge of inflationary costs.

Overview of progress

This appendix explains how the programme of investment, when considered as a package, would generate around £163,950 This is showing a high return on investment after borrowing of 12.89% (net saving of £93,211.38 against a cost of £723,203.98), this is largely due to the fact we have done a lot of the quick wins first (i.e. LED and hand driers which are high return items), and this number will come down as some of the less financially viable projects come forward.

NB. The savings are full year savings and not what has been generated to date.

The most significant area of investment is focused on building improvements, which ranges from the 'quick wins' (i.e. LED, hand driers) to more substantial investment (such as roof insulation). The buildings that have had improvements made are:

- The Apex
- The Avenue
- The Athenaeum
- Brandon country park bungalow and toilets
- Bury St Edmunds Bus Station
- East Town Park toilets
- Heldhaw Road Changing Rooms
- James Carter Road, Mildenhall
- Lake Avenue Housing
- Bury St Edmunds Leisure Centre
- Moyses Hall
- Nowton Park Lodge Cottage and toilets
- Provincial House
- Rangers Flat, Hardwick Heath
- The Severn Road Enterprise Units
- The Elms, Brandon Housing
- Jubilee Walk toilets
- Ram Meadow toilets
- Recreation Ground toilets
- West Stow Country Park toilets
- West Suffolk House

The council continues to explore the potential for further large-scale floor mounted solar investment (a solar farm). A number of sites have been evaluated, but to date none have been suitable. At this stage the proposed £9 million capital fund does not include any financial provision for such large-scale solar investment. Any such project would be the subject of a separate full business case. The allocation assumes the council will capitalise any council costs including project management and legal expenditure where possible.

Monitoring and Evaluation

The monitoring and overall programme management of this fund is undertaken by the officer Environment Management Group, which annually provides an update to Cabinet. The activities support West Suffolk's Climate Action Plan, and the outputs are included in the council's annual environmental statement that forms part of the council's Annual Report.

Net Zero Fund - Update

	Activity	Lifetime Carbon Savings (tonnes)	Annual Carbon savings (tonnes)	Cost of improvements (£)	Expected Annual Revenue Savings (£)
Council Building Improvements	LED Lighting	633.75	77.47	232,690	66,340
	Low Energy Hand Driers	-	2.77	23,501	10,727
	Insulation	25.81	24.99	213,696	52,433
	Solar PV	1,846.86	73.89	57,905	11,158
	Air Source Heat Pumps	268.00	38.29	183,781	13,049
	Radiators	77.21	7.73	11,631	10,243
	Gross Total	2,851.63	225.14	723,204	163,950
	Borrowing Costs *				(70,739)
	Net Total				93,211
Electric Vehicle Fleet and associated infrastructure investment	Purchase of Electric Vehicles - 4 ordered in 2022 to 2023			38,586	6,177
	Borrowing Costs **				-
	Net Total				6,177
Overall Net Total		2,851.63	225.14	761,790	99,388
Initial Return on investment					13.05%

* Different activities have different expected lives, borrowing costs have been calculated to reflect the different useful lives.

** Funded through vehicle replacement reserve, therefore no borrowing costs associated with this spend.

This fund continues to be delivered, with many elements of the project still pending.

Planned for remainder of 22/23:

- Installation of EV infrastructure at the operational hubs – this is estimated to cost £70k.
- There are currently 23 more businesses in the Solar for Business pipeline.
- Work is being undertaken on HMOs (Houses of Multiple Occupation) that would have the wider benefit of reducing costs for most vulnerable residents. Initial scoping is being undertaken in 22/23, however this work will take place in 23/24.
- Vehicles purchased are: one E-transit and three Renault Kangoo. All vehicles should arrive before end of 22/23. Costs reflect additional cost of an EV vehicle.

Expansion of our West Suffolk Solar for Business scheme

While not part of the Net Zero Fund it is worth noting that Solar for business has completed 10 installations in 22/23 funded from original fund. New installations are in the pipeline to use this Net Zero fund. The installations completed in 22/23 so far will save 123 tonnes for carbon per year with an income of £139,057 per year.