

Title: Low Cost Low Carbon Energy Programme
 Lead Officer: Dave Barber
 Portfolio Holder: Councillor Lowell Williams
 Wards of the District directly affected: All

Approvals required	Date	Name
Portfolio Holder	10/6	Lowell Williams
Finance	10/6	Andrew Rollins
Legal Services		
Chief Executive	10/6	Chris Elliott
Director of Climate Change	10/6	Dave Barber
Head of Service(s)	10/6	Lisa Barker and Steve Partner
Section 151 Officer	10/6	Andrew Rollins
Monitoring Officer	10/6	Graham Leach
Leadership Co-ordination Group	17/6	
Final decision by this Committee or rec to another Cttee / Council?	Yes Recommendation to: Cabinet	
Contrary to Policy / Budget framework?	No	
Does this report contain exempt info/Confidential? If so, which paragraph(s)?	No:	
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?	Yes, Forward Plan item 1420 – scheduled for July 2024	
Accessibility Checked?	Yes/No	

Summary

In November 2023 a new Corporate Strategy was approved by Council. Within this Strategy, there are three Strategic Priorities, the second being 'Low Cost, Low Carbon Energy across the District'. Since the approval of the Corporate Strategy, a Low Cost, Low Carbon Energy Strategy has been developed, supported by a Programme Plan to bring forward the proposals under this strategic priority. This report seeks approval for the Strategy.

Recommendation(s)

- (1) That Cabinet approve the Low Cost, Low Carbon Energy Strategy set out in Appendix 1
- (2) That the terms of reference for the Low Cost Low Carbon Energy Programme Board as set out at Appendix 2 is supported.
- (3) That in the current financial year, the Programme Board commences work on the following priority actions within year 1 of its Programme Plan:
 - a. Deliver rooftop solar / low energy lighting in key WDC assets, alongside other decarbonisation works for WDC assets with the greatest potential to benefit from decarbonisation measures.
 - b. establish and agree a decarbonisation and energy reduction programme for the WDC housing stock to enable WDC housing to achieve EPC C (or beyond) by 2030
 - c. bring forward proposals to deliver high quality, net zero carbon affordable housing on the Council owned sites.
 - d. undertake feasibility and pilot work to establish a programme to enable householders and businesses to reduce carbon emissions and energy costs.
- (4) Subject to demonstrating feasibility and an effective spending profile, it is proposed that the priority actions c and d set out in recommendation 3 are included as part the Council's Growth Initiatives (LGIs) being notified to the West Midlands Combined Authority (WMCA) under the West Midlands Investment Zone (WMIZ) scheme Memorandum of Understanding (MoU) and legal agreement.
- (5) That delegated authority is given to the Programme Director for Climate Change, in consultation with the Climate Change Portfolio Holder, to agree spending from the 2024/25 Renewable Energy Generation Reserve and for future years in which funding is available in the Reserve, in line with the criteria set out in paragraph 1.13; and asks the Council to update the Constitution to reflect this delegation.

1 Background

1.1 The Strategic Priority 'Low Cost, Low, Carbon Energy across the District' has Strategic Goals that span multiple portfolios and service areas, including but not strictly limited to:

- Climate Change
- Housing, Health and Communities
- Neighbourhood and Assets
- Place, Arts and Economy (mainly related to Planning Policy).

- 1.2 For this reason, a Programme Board has been established to oversee the delivery of the Programme. The Programme Board is made up of the following members, with support from officers in the relevant service areas:
- Programme Director for Climate Change
 - Head of Housing, Health and Communities
 - Head of Neighbourhood and Assets
 - Portfolio Holder for Climate Change
 - Portfolio Holder for Housing and Assets
 - Leader of the Council and Portfolio Holder for Strategic Leadership
- 1.3 This Strategy provides the framework for the Programme and will be a reference point for the Board to enable the programme to keep on track. There are five Strategic Goals as set out under Strategic Priority 2 (Low Cost, Low Carbon Energy across the District) in the Corporate Strategy. These are as follows:
- Reduce energy consumption and carbon emissions from the Council's public buildings.
 - Reduce energy consumption and carbon emissions from the existing Council Housing.
 - Provide homes which are safe and meet the Decent Homes standard for all our tenants including improving the energy efficiency of their homes.
 - Ensure new housing developments led by the Council are exemplars of planning and construction to meet the climate emergency and other challenges.
 - Explore multiple, innovative approaches to make it easier for others in the district [to reduce carbon and energy costs in buildings].
- 1.4 The Council has been prioritising carbon emissions from buildings prior to the adoption of the new Corporate Strategy. Buildings were understood to be a major source of carbon emissions at the time the climate emergency was declared in 2019. Subsequently the Climate Emergency Action Plan and the various iterations of the Climate Change Action Plan which followed the CEAP, include aspirations and actions relating to energy use and carbon emissions in buildings. The CCAP also includes a range of measures and a funding strategy to support the delivery of the CCAP actions.
- 1.5 Addressing Low Cost, Low Carbon Energy is therefore not new for the Council and there is a pre-existing framework to draw on as we prepare for the next stages of work in this area. However, the 2023 Corporate Strategy gives specific priority to this area, including cost and it is therefore proposed that the various threads from previous work (as well as the 2023 Corporate Strategy priorities), are brought together to provide a clear strategy and a reference point for the delivery and governance of Low Cost, Low Carbon Energy projects. This report, and in particular the strategy document set out at Appendix 1, seeks to bring together those pre-existing elements into a single place. In doing so, as far as possible, we have sought to avoid developing a new set of outcomes, benefits and measures, as these are already defined.
- 1.6 To deliver progress against the Strategy, a Low Cost, Low Carbon Programme Board has been established. To date this has met four times and has developed a Low Cost, Low Carbon Energy Programme Plan. It is the responsibility of the Programme Board to oversee progress by defining, delivering and updating this

Programme Plan, as well as ensuring the right resources and partnerships are in place. The Terms of Reference for the Programme Board are set out in Appendix 2 and the Cabinet is asked to endorse these. The Programme Board will draw on advice from the Low Cost, Low Carbon (or Climate Change) Members Advisory Group which has been established, and is made up of one member from each political group.

- 1.7 In addition, a Programme Plan has been designed to address the five Corporate Strategic Goals listed above, with a sixth area relating to projects that cover energy supply and cross cutting elements. The Programme Board will use the Programme Plan to ensure focus is maintained on the aims and benefits set out in the LCLC Energy Strategy. The priority workstreams for year 1 set out in paragraph 1.13 below will be incorporated within year 1 of the Programme Plan, although in all cases these workstreams will span several years.
- 1.8 The Programme Plan will seek to balance the need to deliver progress quickly where possible, against the need for careful research and feasibility work to ensure money is spent effectively on projects that are inevitably complex. The Programme Plan will therefore include live projects (such as the existing home energy support, green homes grants and asset decarbonisation work) as well as feasibility projects. Given the cutting-edge nature of some of the proposed projects, pilots will be considered to enable real-world learning to take place. Ensuring that time and capacity is made available to explore options and bring forward well thought-through businesses cases is important if the ambitions for low cost, low carbon energy are to be realised.
- 1.9 Individual projects that are deemed to be a key decision for the Council will continue to go through the appropriate Committee reporting process as usual.
- 1.10 As set out in recommendation 3, the Programme Plan will incorporate work to commence and progress the following priority projects during 2024/25:
 - 1.10.1 **Corporate Strategy Strategic Goal 1** - Reduce energy consumption and carbon emissions from the Council's public buildings:

Priority Action (a)- utilising the Renewable Energy Generation Reserve and other funding sources to deliver rooftop solar / low energy lighting in key WDC assets, alongside other decarbonisation works for WDC assets with the greatest potential to benefit from decarbonisation measures. As part of this we will seek to develop proposals for assets such as the Glasshouse Restaurant and Temperate House; the Pump Rooms; Jubilee House; and the leisure centres.
 - 1.10.2 **Corporate Strategy Strategic Goal 2** - Reduce energy consumption and carbon emissions from the existing Council Housing
Priority Action (b)- utilising funding set aside in the HRA and other sources of funding, establish and agree a decarbonisation and energy reduction programme for the WDC housing stock enable WDC housing to achieve EPC C (or beyond) by 2030
 - 1.10.3 **Corporate Strategy Strategic Goal 3** - Provide homes which are safe and meet the Decent Homes standard for all our tenants including improving the energy efficiency of their homes.

The Programme Board recognises the importance of this element of the Corporate Strategy in achieving the outcomes of the Low Cost, Low Carbon

Energy Strategy. However, it has also recognised that the scope of the Decent Homes Standard is much greater than low cost, low carbon energy, and that therefore actions directly linked to this Goal should be managed by the Housing Service in conjunction with the housing portfolio holder.

- 1.10.4 **Corporate Strategy Strategic Goal 4** - Ensure new housing developments led by the Council are exemplars of planning and construction to meet the climate emergency and other challenges.

Priority Action (c) – bring forward proposals to deliver high quality, net zero carbon (as defined at para 2.4(D) in the Strategy at Appendix 1) affordable housing on the Council owned sites.

- 1.10.5 **Corporate Strategy Strategic Goal 5** - Explore multiple, innovative approaches to make it easier for others in the district [to reduce carbon and energy costs in buildings].

Priority Action (d) – undertake a feasibility study and pilot to establish proposals to enable householders and businesses to reduce carbon emissions and energy costs. This will involve designing and piloting a scheme to deliver retrofit at scale across a range of housing tenures and other buildings, with different levels on offer to different sectors, whilst recognising the different challenges faced by householders with different incomes. The scheme will be designed to take careful account of the barriers (not just funding barriers) that householders and building owners face in retrofitting.

- 1.11 Subject to demonstrating feasibility and an effective spending profile, it is proposed that the Priority Actions relating the Corporate Strategy Goals 4 and 5 (low carbon new housing, and proposals to enable householders and businesses to reduce carbon emissions and energy costs) are included as part the Council's Growth Initiatives (LGIs) being notified to the West Midlands Combined Authority (WMCA) under the West Midlands Investment Zone (WMIZ) scheme Memorandum of Understanding (MoU) and legal agreement. See also the report on this agenda relating to the proposed LGIs. This will be subject to a significant feasibility and pilot project to establish how these areas of work can best deliver the aims of the LCLC Energy Strategy and the requirements of the MoU in the process of being agreed with the WMCA. Recommendations 3c and 3d therefore seek formal Cabinet support to bring forward proposals and a spending profile for Cabinet approval before the end of March 2026. As a first stage, a Feasibility and Pilot Project spanning 2024/25 and 2025/26 will be developed and brought forward to Cabinet for approval, including the resources required to undertake the feasibility and pilot project. This feasibility and pilot project will explore how to:

- Retrofit homes at a large scale including all tenures, to enable reduced costs and reduced carbon emissions.
- Deliver a replicable approach to retrofit which can continue to be rolled out where resources allow.
- At least in part, an income stream which could be reinvested to enable the funding to be stretched further.
- Confidence within the local community that retrofit is achievable and valuable.
- Low carbon energy provision on commercial and community buildings delivering both a saving for occupiers and an income for the Council.

- Enable and support house buyers and developers to deliver new housing that exceeds the minimum energy requirements and deliver affordable, comfortable new homes.
- develop local skills more widely to provide capacity for a highly skilled local construction workforce.
- grow local capacity to support local investment and innovation.

1.12 This report is not seeking any additional funding to deliver the Programme Plan, although further requests may be justified as proposals for individual projects are developed. Aside from any proposals to use the Local Growth Initiatives funding to support the Strategy, the starting point is to utilise existing WDC funding to best effect. The Climate Change Reserve (balance available - £320,000) and the Renewable Energy Generation Reserve (£500,000) provide capacity to fund some of the energy-related projects directly. The Renewable Energy Generation Reserve has been set aside to fund energy projects which have a relatively short payback period (for example some rooftop solar schemes), which can therefore deliver an income and/or savings in a short time period which the Council could then choose to reinvest into further renewable energy schemes. The Climate Change Reserve can be deployed more flexibly to support energy measures in WDC buildings. In addition, £5m has also been set aside within the HRA over 5 years to support energy reduction measures in WDC housing stock. Appendix 1 includes the range of funding sources that could be utilised to support different workstreams within the overall Programme, including:

- 1.12.1 Grants (such as the Swimming Pool Fund; Public Sector Decarbonisation Fund; Green Homes Grants)
 - 1.12.2 Borrowing and Bonds (such as UK Infrastructure Bank; Green Municipal Bonds; soft loans from community energy companies and PWLB) where there is a business case to enable affordable payback without undue risk.
 - 1.12.3 Other external sources of funding including obligations placed on energy companies or funding from other potential partners.
- 1.13 Recommendation 5 seeks agreement to give delegated authority to the Programme Director for Climate Change (in consultation with the Climate Change Portfolio Holder) to spend money from the Renewable Energy Generation (REG) Reserve subject to a business case that demonstrates the following criteria will be met:
- 1.13.1 the project will reduce carbon emissions for WDC or residents and organisations within Warwick District
 - 1.13.2 the project will deliver year-on-year energy cost savings for WDC or residents and organisations within Warwick District
 - 1.13.3 the cost savings will deliver a financial return to the Council (either through income or savings) such that the investment from the REG Reserve will be paid back in full within 10 years
 - 1.13.4 that there are effective ways of recovering the money from the financial savings to enable it to be returned to the Council's general fund, thereby providing the option to continually replenish the REG Reserve.

2 Alternative Options

- 2.1 An alternative option would be to bring forward all of the projects that fall under the Low Cost, Low Carbon Energy Programme 'umbrella' separately, without any overall strategic direction to prioritise and consider

interdependencies. This is not a recommended approach as it would not use the Council's resources in the most efficient way, and it is possible that it would cause delays to achieving the Council's Corporate Strategy Goals and the Climate Emergency core ambitions.

- 2.2 Another alternative would be not to bring forward some/all of the projects that fall under the Low Cost, Low Carbon Energy Programme at all or to identify alternative projects. This is not a recommendation as the projects have been developed through the Low Cost Low Carbon Energy Programme Board and have also been subject to comment by the Climate Change/Low Cost Low Carbon Energy Programme Members Advisory Group.
- 2.3 There are alternative governance arrangements that could be established to oversee the delivery of the LCLC Energy Strategy. However, the Terms of reference set out at Appendix 2 are already being used by the Programme Board and have been designed to broadly align with the governance arrangements for the Corporate Strategy Strategic Priority 1.
- 2.4 It would be possible not to delegate authority to the Programme Director for Climate Change for utilising the Renewable Energy Generation Reserve. However, this has the risk that all individual projects would need Cabinet approval and would therefore potentially result in delay.

3 Legal Implications

- 3.1 No legal implications have been identified at this stage. Any legal implications will be identified and assessed on a project-by-project basis.

4 Financial Implications

- 4.1 The funding currently available to support the Strategy and Action Plan is set out in paragraph 1.14 above. The Strategy itself will not have any direct financial or procurement implications. However, the financial and procurement implications of each individual project that falls under this programme of work will be considered on a case-by-case basis.
- 4.2 There are a number of funding sources that will need to be used to deliver the numerous projects that fall under this programme of work – see Appendix 4.
- 4.3 Recommendation 4 proposes that two priority actions are considered for inclusion within the Local Growth Initiatives and could therefore benefit from funding under the West Midlands Investment Zone (WMIZ) scheme Memorandum of Understanding (MoU) and legal agreement. The report on Local Growth initiatives, also on this agenda, provides further detail on this.

5 Corporate Strategy

- 5.1 **Delivering valued, sustainable services** – the individual projects that fall within the Low Cost Low Carbon Energy Programme are expected to support this strategic aim, albeit the recommendations within this report do not directly affect the delivery of this strategic aim. All individual project decisions made by the Programme Board will take into consideration the need to demonstrate financial sustainability and delivery of high-quality services. Where projects reduce costs or achieve increased income, consideration may be given as to whether those savings are used to strengthen the Council's overall financial position or whether they are "recycled" back in to the LCLC Energy Programme.
- 5.2 **Low cost, low carbon energy across the district** – the recommendations within this report will allow the implementation of the Low Cost Low Carbon Energy Programme, so contribute greatly to the delivery of the second strategic aim.

- 5.3 **Creating vibrant, safe and healthy communities of the future** - the individual projects that fall within the Low Cost Low Carbon Energy Programme are expected to support this strategic aim, albeit the recommendations within this report do not directly affect the delivery of this strategic aim. All individual project decisions made by the Programme Board will take into consideration the need to support improvements where people's community, economic and housing needs can be met, including consideration of the Decent Homes Standard.

6 Environmental/Climate Change Implications

- 6.1 The delivery of the Low Cost Low Carbon Energy Programme aligns closely with the ambitions of the Climate Change Action Programme, working towards decarbonising our own assets, private housing and businesses, our own Council Housing stock, and helping others to do the same. With overall ambitions to reduce the district's carbon emissions, encourage renewable energy generation in the district with an emphasis on reducing energy bills where possible, the recommendations within this report support the work already being done by the Climate Change team and other service areas in the Council.

7 Analysis of the effects on Equality

- 7.1 The LCLC Energy Strategy will seek to tackle energy costs for the District's residents, including those on lower income and those living in social housing.

8 Data Protection

- 8.1 There are no Data Protection implications identified as a result of this report.

9 Health and Wellbeing

- 9.1 There are no health and wellbeing implications identified as a result of this report directly, however, there will be benefits to the health and wellbeing of the district's residents through the delivery of individual projects that form part of this programme.

10 Risk Assessment

- 10.1 Section 6 of Appendix 1 sets out the programme risks and mitigation. This will form the basis for developing a detailed programme risk register that will be reviewed on a regular basis by the Programme Board. Some of the key risks to highlight are set out below
- 10.2 The overall cost of delivering low cost, low carbon energy, recognising that each of the 5 goals will have very significant funding requirements that go well beyond the existing resources available. Cost could also escalate. This risk will be mitigated by making the best use of WDC funding to enable other sources of funding to be accessed. However, until alternative funding streams – and the constraints that come with them – are understood, this will remain a significant risk.
- 10.3 One risk is ineffective programme governance, but this has been mitigated by the membership of the programme board as set out in 1.2, covering the most relevant service areas both with senior officers and elected Members. The terms of reference can be found at Appendix 2.
- 10.4 Another risk is poor data or difficulty in measuring impacts meaning the programme cannot be effectively monitored to flag project delays or issues in enough time. This is being mitigated by establishing a clear set of outcomes and measures and through regular reviews of the Programme Plan at the Programme Board meetings.

- 10.5 A further risk is that the work involved in delivering low cost, low carbon energy will inevitably require innovation and a reliance on new technology. Linked to this, local skills may be limited. This could significantly inhibit progress. For this reason, pilots and local skills development will form part of the way projects are planned and delivered.
- 10.6 A further risk is that electricity grid capacity. Low carbon energy will require multiple grid connections. Previous experience shows that grid connection capacity is variable across the District. This risk will nbe mitigated by early involvement of the DNO in project planning.
- 10.7 The final risk is being too rigid and not taking advantage of new technologies opportunities as and when they arise. To mitigate this, a level of flexibility will allow for new projects and ideas to be discussed at the Programme Board and Members Advisory Group, going through the governance process before being added to the Action Plan if appropriate.
- 10.8 It should also be acknowledged that there are significant risks in not pursuing the Low Cost, Low Carbon Energy Programme. These risks include impacts on climate change, fuel poverty, health and wellbeing, as well as reputational risks for the Council in the context of the goals set out in the Corporate Strategy. This Strategy is a key element in mitigating those risks.

11 Consultation

- 11.1 The Action Plan has been reviewed by the Low Cost Low Carbon Energy Programme Board on 7th May 2024 and the Climate Change Members Advisory Group on 9th May 2024.

Background papers:

Appendix 1: Low Cost Low Carbon Energy Programme Strategy

Appendix 2: Low Cost Low Carbon Energy Programme Board Terms of Reference

Supporting documents:

WDC Corporate Strategy

WDC Climate Change Action Programme