

## CCAP O&S Update – December 2022

### Funding Strategy Update

#### Introduction

The Climate Change Action Programme agreed at Cabinet in November 2022 was accompanied by a Funding Strategy. The Funding Strategy acknowledged that “direct Council funding cannot support all the areas of work required to deliver the CCAP. There will therefore inevitably be significant projects that we cannot demonstrably fund from the start.”

The Strategy set out how future alternative funding streams could be utilised and considered 10 potential sources of funding that could support the delivery of the strategy. The table below provides an update on these potential funding streams.

#### Update on Funding Streams

Sources of Funding	Proposed Focus November 2021	Comments November 2021	Update December 2022	Potential Opportunities for 2023/24 onwards
<b>1 Direct Council Funding</b> <ul style="list-style-type: none"> <li>• WDC Climate Action Fund</li> <li>• Using established Service budgets in a way that addresses climate change</li> </ul>	<ul style="list-style-type: none"> <li>• Investment in Council building assets</li> <li>• Investment in Council fleet vehicles</li> <li>• Staff resources to manage and deliver CCAP</li> <li>• Evidence and feasibility studies to develop projects and approaches</li> </ul>	<p>Prioritising and utilising existing climate change budgets</p> <p>Redirecting existing service spending will be explored</p> <p>This also involves utilising and refocusing established service budgets to support climate change activities (for example the Housing</p>	<p>£500,000 recurring budget has been agreed for 2022/23 onwards. In the current year this budget has been utilised or is committed to support the following:</p> <ul style="list-style-type: none"> <li>• Project and Programme Posts Trees for our Future Project</li> <li>• Assets Decarbonisation (Jubilee House and Althorpe Enterprise Hub)</li> </ul>	<p>It is expected that the £500,000 revenue budget will continue for 2023/24 (and hopefully beyond). Updates to the CCAP (e.g in November 2023) will set out how this budget will be used in relation to priorities for the new administration.</p>

	<ul style="list-style-type: none"> <li>• Project set up costs and match funding for grants</li> <li>• Community engagement and communications</li> </ul>	Investment Programme; low carbon project delivery; green space and biodiversity delivery; etc)	<ul style="list-style-type: none"> <li>• EV Charging study and strategy</li> <li>• Better Points Sustainable Transport Initiative</li> <li>• Cycle parking</li> <li>• Housing Decarbonisation – Able to Pay Advice</li> <li>• Preparation of Net Zero Carbon DPD</li> <li>• Hydrogen Feasibility Study and Procurement Advice</li> <li>• Advice for Solar Farm negotiations</li> <li>• Business Webinars</li> <li>• Events (EcoFest and local COP27)</li> <li>• Communications</li> </ul> <p>In addition, service budgets and reserves have also support climate change related work including:</p> <ul style="list-style-type: none"> <li>• Housing Decarbonisation for WDC Stock (HIP match funding for Green Homes Grants)</li> <li>• Planning Reserve for NZC DPD evidence base</li> <li>• Tree planting</li> <li>• Cycle parking</li> </ul>	Service budgets will continue to deliver climate change related work. A particular opportunity relates to procurement – as new contracts are procured higher standards relating to carbon emissions will be expected which will ensure service budgets are brought to greater effect
<b>2 Government Grants</b>	<ul style="list-style-type: none"> <li>• Investment in Council building assets</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure we keep abreast of government priorities and initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• As set out in the CCAP update, the Council has been successful in securing</li> </ul>	<ul style="list-style-type: none"> <li>• Housing retrofit money being sought from Social Housing</li> </ul>

<p>Examples include PSDF; LADs; Active Travel Grants; Regeneration/Levelling-Up and Town Centres; Innovation</p>	<ul style="list-style-type: none"> <li>• Evidence and feasibility studies to develop projects and approaches</li> <li>• Project set up costs</li> <li>• Project delivery</li> <li>• Various initiatives relating to ambitions 2 and 3</li> </ul>	<ul style="list-style-type: none"> <li>• Many schemes need technical expertise for successful bid and all need staff time</li> <li>• Grants schemes are usually short deadlines so ensure we have pipeline of projects</li> <li>• Match funding may be required</li> </ul>	<p>significant green homes grants under a range of schemes (LAD1B; LAD2; Sustainable Warmth Fund)</p> <ul style="list-style-type: none"> <li>• The Council has been a partner in a successful Trees Call to Action Fund bid worth £500k and this is now being delivered</li> </ul>	<p>Decarbonisation Fund Wave 2</p> <ul style="list-style-type: none"> <li>• Further housing retrofit money being sought from SWC</li> <li>• Funding received from DLUCh's "outsourcing playbook fund" to support procurement of a hydrogen partner</li> <li>• Funding to support EV charging rollout will be sought from LEVI</li> </ul>
<p><b>3 Other grant schemes</b></p> <p>WMCA CWLEP Charitable trusts Business Sponsored grants</p>	<ul style="list-style-type: none"> <li>• Tree planting</li> <li>• Biodiversity</li> </ul>	<ul style="list-style-type: none"> <li>• Unknown opportunities</li> <li>• May be important for some projects but they are an unreliable source</li> <li>• Often have specific scope which may not tie in with SDC priorities</li> </ul>	<ul style="list-style-type: none"> <li>• successful bid to UK100 for resources to support Local Climate Engagement</li> </ul>	<ul style="list-style-type: none"> <li>• Discussions with Severn Trent Water regarding grants to support delivery Tachbrook Country Park Phase 2</li> <li>• Discussions with Heart of England Community Energy to support local housing retrofit works</li> </ul>
<p><b>4 Private Sector Investments</b></p> <p>Examples</p> <ul style="list-style-type: none"> <li>• Sponsorship</li> <li>• Private investments</li> <li>• Contractors</li> </ul>	<ul style="list-style-type: none"> <li>• Sponsorship for high profile public projects and good causes (eg ebikes; tree planting)</li> <li>• Private investment for income generating projects (renewable energy; hydrogen hub;</li> </ul>	<ul style="list-style-type: none"> <li>• If private investment is used, the Councils should consider whether it (also) wants to invest to deliver a longer term income</li> </ul>	<ul style="list-style-type: none"> <li>• Procurement process for a private partner to support delivery of the hydrogen hub is underway</li> <li>• Consideration of procurement options for private sector involvement in EV charging roll out</li> <li>• Working with Act on Energy to improve retrofit advice to</li> </ul>	<ul style="list-style-type: none"> <li>•</li> </ul>

	<ul style="list-style-type: none"> <li>eBike schemes; EV charging</li> <li>• Contractor contributions where consistent with Social Value requirements of contracts and/or where consistent with the company's corporate commitments</li> </ul>		homeowners who are able to pay for works	
<b>5 Borrowing</b> <ul style="list-style-type: none"> <li>• PWLB</li> </ul>	<ul style="list-style-type: none"> <li>• Upfront funding for major capital investments</li> <li>• Where an income can be achieved (over and above borrowing costs) which delivers Councils' aims, this may be a way of securing an income.</li> <li>• Examples: District heating; Hydrogen Hub; Solar farm investment</li> </ul>		N/A	
<b>6 Community Municipal Investment Bonds</b>	<ul style="list-style-type: none"> <li>• Upfront funding for major capital investments</li> <li>• Where an income can be achieved (over and above</li> </ul>	Regulated by FCA In effect this is another form of borrowing but with two significant differences to PWLB	No active examples	Being considered for a) delivery of hydrogen hub and investment in associated solar farm.

	borrowing costs) which delivers Councils' aims, this may be a way of securing an income. • Examples: District heating; Hydrogen Hub; Solar farm investment	a) The cost of borrowing may be cheaper b) The method of raising money allows local stakeholders/residents to invest in local green schemes (community engagement)		b) rooftop solar on public buildings in discussion with Midlands Net Zero Hub
<b>7 Maximising impact by aligning our spending with public sector organisations</b>  For example working with WCC and Town and Parish Councils to lever their funding for mutually beneficial projects	<ul style="list-style-type: none"> <li>• Transport projects</li> <li>• Public sector retrofit and heating schemes</li> <li>• Local tree planting and biodiversity schemes</li> <li>• Local community energy efficiency projects</li> <li>• Local renewable energy generation projects</li> </ul>	Mutual benefit for the whole public sector  Will require some resource to communicate and coordinate efforts so that we are all aware of the opportunities	<ul style="list-style-type: none"> <li>• Local Climate Engagement scheme will explore opportunities in further detail.</li> <li>• EV Charging infrastructure rollout will explore potential for Town and Parish Council's to contribute</li> <li>• Trees Call to Action project will encourage local tree planting potentially funded by Town and Parish Councils</li> </ul>	
<b>8 Community Infrastructure Levy</b>	Can be used for low carbon infrastructure. Examples could include: <ul style="list-style-type: none"> <li>• Green space and biodiversity</li> <li>• Cycle and walking infrastructure</li> </ul>	There are many competing demands for CIL.  Carbon reduction should be a key criterion for the assessment of CIL scheme and give this significant weighting in decisions	Carbon reduction is a key criterion for the assessment of CIL schemes.  No active examples of using CIL for specific climate related schemes.	Future CIL receipts could support climate adaptation initiatives, for example in relation to flood prevention

	<ul style="list-style-type: none"> <li>• Low carbon public transport</li> <li>• Renewable energy supply infrastructure</li> <li>• Improvement to local service (carbon reduction criteria)</li> </ul>			
<b>9 Section 106</b>	<p>Can be used for low carbon infrastructure directly associated with new development: Examples could include:</p> <ul style="list-style-type: none"> <li>• Green space and biodiversity</li> <li>• Cycle and walking infrastructure</li> <li>• Low carbon public transport</li> <li>• Renewable energy supply infrastructure</li> <li>• Improvement to local service (carbon reduction criteria)</li> </ul>	Needs to be backed by clear evidence and policies that shows the direct link between new development and the infrastructure requirement	<p>Section 106 agreements are already funding</p> <ul style="list-style-type: none"> <li>a) Air Quality mitigation strategy and active travel capacity</li> <li>b) Green space provision and enhancement and tree planting</li> <li>c) Biodiversity offsetting</li> <li>d) Public Transport</li> </ul>	<p>NZC DPD will enable S106 monies to be agreed for carbon offsetting. This could fund natural capital project and/or building retrofit projects</p> <p>Local Transport Plan revisions (LPT4) indicates a shift towards cycling and walking infrastructure which may help justify further expenditure on this infrastructure</p> <p>Local Plan evidence base being developed to demonstrate carbon impacts and opportunities</p>

				associated with new development. This may help justify future S106 on carbon reduction schemes
<p><b>10 Carbon Offsetting Fund</b></p> <p>This fund could be resourced in two ways.</p> <p>a) by requiring developers who fail to comply with Net Zero Carbon building standards (as required by Planning Policy) to pay into a fund.</p> <p>b) Secondly by offering a local carbon offset market to local organisations who are seeking to demonstrate net zero carbon</p>	<ul style="list-style-type: none"> <li>• Tree planting and other carbon sequestration</li> <li>• Retrofitting of existing homes and buildings</li> </ul>	<p>Need to develop a local natural carbon offsetting market (with WCC)</p> <p>Need to prepare evidence to demonstrate how funds could support retrofitting of homes and other buildings</p> <p>NB this may take several years to develop</p>	N/A	NZC DPD if adopted in current form will provide a Carbon Offsetting fund.