

The Highland Council
Planning, Development and Infrastructure Committee

2 November 2016

Agenda Item	13.ii
Report No	PDI/67/16

Carbon CLEVER Capital Budget

Report by Director of Development and Infrastructure

Summary

This report provides details of projects for Members to consider for funding from the Carbon CLEVER capital budget for 2016/17, and sets out proposed project funding arrangements and governance going forward.

1. Background

- 1.1 The Climate Change team now sits within the Environment team in the Development and Infrastructure Service, after moving over from the Chief Executive's service in April 2016. Reports on the capital budget were previously presented to Resources Committee, but will be now presented to the Planning, Development and Infrastructure (PDI) Committee as part of the Development and Infrastructure Service programme.
- 1.2 Following a re-profiling of Carbon CLEVER capital funding at a meeting of The Highland Council in December 2015, a £500k capital budget allocation is available for Carbon CLEVER projects for 2016/17, plus a £380k underspend from 2015/16, of which £125k is already committed. Suitable projects will help the Council meet its commitments under the Climate Change (Scotland) Act 2009, and our Carbon Management Plan 2013-2020, will reduce carbon emissions, demonstrate leadership by the organisation in tackling climate change, attract match funding, and help generate revenue savings. In addition, the proposed projects will help meet Highland First priorities including support for projects with the potential for new ways of working with communities, and helping communities reduce their energy use and costs.
- 1.3 This paper provides details of legacy projects which could be funded from the Carbon CLEVER capital budget in 2016/17, as well as proposals in respect of funding arrangements and governance for managing the fund going forward. Projects which were funded in the previous financial year are outlined at **Appendix 1**.

2. Capital Projects in 2016/17

- 2.1 Recruitment to the Climate Change team following staffing changes was completed in August 2016. The capital budget for 2016/17 is £880k, inclusive of the 2015/16 underspend of £380k. To date, £125k is committed, leaving a balance of £755k available for allocation. Various legacy projects, both new and already programmed, align with the aims of Carbon CLEVER, and these are detailed below. Some projects are already established and underway based upon approval by prior committee:

Project	Proposed Carbon CLEVER Capital contribution	Financial Year
Energy Efficiency Improvements (savings from heating, lighting and water usage improvements) – Council estate	£240,000	2016/17
Inverness Railway Station – Active & Sustainable Travel Improvements	£100,000 p/a for 3 years	2016/17 – 2018/19
Accessibility, Signage & 20mph Zones – pan-Highland	£117,000	2016/17
Climate Challenge Learning Tool for Schools – pan-highland	£49,000	2016/17
Evanton Cycle Track	£13,500	2016/17
Muir of Ord – Active Travel Link - Feasibility Study	£5,000	2016/17
Pedestrian Crossing Point – Culduthel Road	£10,000	2016/17
Semi-rapid EV Charging Point – Dornoch	£20,000	2016/17
Total	£754,500	

2.2 Overviews of each of these projects and how they support the aims of Carbon CLEVER can be found at **Appendix 2**. Members are asked to review the proposals for funding and agree the recommended project allocations.

3. Proposals for Carbon CLEVER Capital Programme

3.1 To date, allocation of funding from the Carbon CLEVER capital allowance has been directed for investment in projects which help reduce emissions, and achieve the ambition of a carbon neutral Inverness in a low carbon Highlands by 2025. Generally, these have been projects which will deliver significant reduction in carbon emissions and energy use (such as LED street lighting), encourage Highland citizens to travel more actively / use their cars less, and to implement small-scale projects which support local economies and promote low carbon behaviours. Approval for funding has generally been sought on an *ad hoc* basis.

3.2 Going forward, and in order to ensure that the Carbon CLEVER capital budget helps to reduce carbon emissions in line with Carbon Management Plan ambitions, reduce costs and draw in as much match funding as possible, it is proposed that the fund is directed more strategically at the key areas detailed at para 3.3. This will also help achieve targets set out in the Council's Carbon Management Plan 2013-2020. It is proposed that projects from 2017/18 onwards will be required to submit applications for funding, based on the Council's Single Grants and Discretionary Funding process, and these would then be scored and assessed based on the assessment criteria as detailed at **Appendix 3**. This is broadly in line with the process which was used for the Carbon CLEVER Community Grant Fund – a proven and established model which allows officers and Members to clearly assess whether a project meets the aims of Carbon CLEVER.

- 3.3 It is proposed that the annual £500k capital budget is subdivided into the following categories and funding amounts for 2017/18, and is reviewed annually. Details of each project category can be found at **Appendix 4**:

Project Category	Proposed Annual Capital Allowance
Energy Efficiency Projects in Our Own Estate	£250k
Climate Change Adaptation Projects	£100k
Sustainable Transport Projects	£100k
Land Use, Food Growing & Allotments	£50k

4. Management and Governance

- 4.1 Applications for project funding under the headings in para 3.3 will be made to the Climate Change team, who will assess proposals against the criteria detailed at **Appendix 3**. A funding recommendation paper will then be drafted by the Climate Change team and presented to the Director of Development and Infrastructure to discuss and approve in conjunction with the Chair of PDI.
- 4.2 The manner of reporting at a detailed project level is proposed to be on an annual basis, providing an update on specific project progress. In addition to the PDI reporting process, we will work to support greater local decision making and to identify potential local projects through liaison with Ward Members.
- 4.3 It is important to note that the Council's mandatory reporting to the Scottish Government under our Public Bodies Climate Change Duties requires the maintenance of an annual project register, detailing the top 10 carbon reduction projects carried out in the reporting year. Managing the Carbon CLEVER capital fund as described above will ensure that maintenance and monitoring of carbon reduction projects is streamlined, will be significantly less administratively burdensome than at present, and will help achieve our Carbon Management Plan objectives.
- 4.4 Members are asked to review the overall programme as presented above, and agree the recommended allocations of funding.
- 4.5 Finally, Members are asked to recognise that there is constant need to adapt the detail of capital allocations, for a variety of reasons: to manage project over / underspends; to allow flexibility to take advantage of short-term opportunities such as external funding; and to enable timely essential works to take place which can help maximise carbon emission reduction. In many instances, a rigid application of a fixed capital allocation to a particular project, made in advance of detailed project design or external income opportunities, is not always appropriate to the nature of the projects undertaken. Some flexibility within the programme allows the Climate Change team to be responsive to such circumstances, whilst still delivering timely capital expenditure. Any essential adjustments to allocations will be discussed and agreed with the Director and service Finance Manager.

5. Implications

- 5.1 Resource Implications: The Carbon CLEVER initiative has been allocated a capital budget of £500k per annum from 2016/17 to 2022/23. For 2016/17, £755,010 is available to commit. Proposals for managing this budget in 2016/17 are detailed at para 2.1.

- 5.2 Legal, Equality, Risk and Rural Implications:
- 5.2.1 The Council has a duty to assist Scotland achieve its national carbon emission reduction targets as set out by the Climate Change (Scotland) Act 2009. As of financial year 2015/16, the Council is required to mandatorily report to the Scottish Government on action taken to tackle climate change. The reporting covers action taken within the Council's own estate, but also action taken by the Council to work with its partners and communities to tackle climate change.
- 5.2.2 Potential legal, equality, risk and rural implications vary due to the wide range of projects undertaken and are considered on a project specific basis as an integral part of the project assessment process.
- 5.3 Gaelic Implications: Opportunities for the inclusion of Gaelic are considered as an integral part of the project planning process.
- 5.4 Climate Change/ Carbon CLEVER Implications: The projects outlined in this report will reduce carbon emissions across the Highlands, and within the Council's own estate, supporting the ambitions of the Carbon Management Plan 2013-2020.
- 5.5 Rural Implications: It is important that the Carbon CLEVER capital budget is used for projects across the Highlands. Many of the projects detailed in this paper will be conducted in parts of rural Highland.

Recommendations

Members are asked to:

- approve funding of legacy projects as detailed at para 2.1;
- approve capital programme spend breakdown detailed at para 3.3;
- approve Carbon CLEVER capital programme application assessment criteria as detailed at **Appendix 3**; and
- approve the delegation of decision making as discussed at para 4.1.

Designation: Director of Development & Infrastructure

Date: 14th October 2016

Author: Keith Masson, Climate Change Officer

Carbon CLEVER Capital Budget – 2015/16 Projects

Project	£	
Carbon CLEVER Community Grant Fund	200,000	
Heating upgrades – Council properties	262,500	
LED street lighting projects	25,000 ¹	
Lighting upgrades – Council-owned housing blocks	50,000	
Improving energy efficiency of industrial units	24,715	
Telly Talk in Service Points	27,775	
Real-time bus stop displays across Highland	55,000	
Part funding package for developing Inverness Airport (Dalcross) railway station	100,000	
Total	744,990	
Annual Allowance 2015/16	1,000,000	
Underspend carried forward	255,010	

¹ To date, the Carbon CLEVER capital fund has contributed over £400k to LED street lighting projects across the region (a spend-to-save initiative). The Climate Change team will work with colleagues in the Council's street lighting team over the coming months to expedite delivery of replacement LEDs, and identify opportunities for street lighting rationalisation.

Carbon CLEVER Capital programme: Project Descriptions

Energy Efficiency Improvements, Highland Council Estate - £240k

Under the Council's Carbon Management plan and our CRC responsibilities, it is important that steps are taken to reduce carbon emissions. HQ is the sixth highest energy consuming building in the Council's estate, using a total of 2,800MWhs of electricity in 2015/16. A recent audit by Anglian Water has indicated that by replacing lighting with lower watt systems, upgrading hand driers to more efficient models, and replacing taps / installing water aerators would reduce annual consumption by ~292MWh, with an associated annual saving of approximately £34,000. These measures would result in an annual saving of 152 tonnes CO₂e, and would also reduce ongoing maintenance and replacement costs of older light fittings and battens. Alongside HQ, audits of other buildings (Tigh Na Sgìre in Portree, the Council's offices in Dingwall, and the Town House, Inverness) have been commissioned and are due to be undertaken at the end of October.

Inverness Railway Station - £100k p/a for 3 years

The Highland Council, in collaboration with Abellio Scotrail and HITRANS, is working to make significant improvements to Inverness Railway Station. Abellio Scotrail is investing up to £2m to improve the main entrance and Station Square, refurbish the concourse, expand commercial and retail opportunities and extend cycle parking.

The Council and HITRANS are working together to fund additional work to create safer, more convenient walking and cycling links to and from the Station, to improve pedestrian and cycle access between Station Square and the Victorian Market and the walking route between the Station, bus station and Rose Street Car Park. This work will make the station and its surrounds far safer and more accessible from an active travel perspective, as well as more attractive to commuters and tourists wishing to continue their journey on foot or by bike when they arrive in Inverness.

The improved integration of transport services and infrastructure at Inverness Railway Station will increase the tourist and business usage of public transport and active travel measures, and will encourage more people to visit Inverness and the Highlands more generally, in a low-carbon way. In addition, support for these measures aligns with the Inverness City Centre Development Brief aspiration to increase connectivity and active travel to, from and within the City Centre.

Accessibility, Signage & 20mph Zones - £117k

The Council's Transport Planning Team have successfully received funding from Sustrans (£17.5k) to help improve signage and accessibility on Highland cycle routes. The project encompasses three strands of focused improvements to the cycle network: Inverness City, with a focus on the National Cycle Network (NCN 78) that runs through the City (Routes 1, 7 and 78); Lochaber, with a focus on NCN 78; and the Rural Cycle Network in the Highlands. Support for this project will ensure that a package of proposals including additional / improved signage, dropped kerbs and cycle route markings can be rolled out.

In addition, the Council is committed through its Highland First programme to work with communities to promote pedestrian and cycle safety, and the extended implementation of 20mph zones across the region will help to achieve this aim and will demonstrate leadership in respect of the promotion of active travel.

Evanton Cycle Track - £13.5k

Earlier this year, the Highland Council constructed a combined footway / cycleway in Evanton which linked the existing on-road advisory cycle lanes at the junction of the B817 with the old road down to the railway station platform. This new path was also extended to join up with the existing combined footway / cycleway at Novar Wood creating a safe and convenient route for all Active Travel users.

The total cost for the construction of the new path was £112,867 for which funding was received totalling £99,600. This was made up from Developer Contributions (£28,360) and from the Sustrans Community Links fund (£71,240). The funding gap is therefore £13,000 and an application has consequently been made to the Carbon CLEVER capital fund to assist in bridging this shortfall.

Pedestrian Crossing Point – Culduthel Road, Inverness - £10k

This project relates to the installation of a pedestrian refuge on one of the main routes into the centre of Inverness. The refuge is being put in place to link in to the bus stop and enable a more direct access to the residential streets adjacent for those walking to and from the bus stop and surrounding area. In so doing it supports more active travel, particularly walking.

Climate Challenge Learning Tool for Schools - £49k

At PDI Committee in May, Members approved the implementation of a behavioural change toolkit that can be used with school curriculum activity to make effective savings to energy in buildings, under the Energy Efficiency Action plan developed by the Council's Principal Engineer. The toolkit has been developed by Glasgow City Council and Glasgow University along with software SME "Twenty Squares" to encourage behavioural change among school children. The toolkit captures actual savings made, and will help the Council achieve its commitments under the Climate Change (Scotland) Act 2009, and implementation will demonstrate leadership in respect of our mandatory commitments under our Public Bodies Climate Change Duties (PBCCD). The benefits are designed to be long-term as a result of increased knowledge and awareness that leads to positive change in behaviour of both participants as well as the adults they interact with.

The top 10 energy consuming buildings in the Council's estate accounted for 24.44% of the Council's total electricity, gas, and oil consumption in 2015/16 - 9 of these 10 buildings were schools. The Climate Change Learning Tool supports the Curriculum for Excellence, will help teachers and pupils understand the link between energy consumption and climate change, and will reduce energy and water consumption across our school estate.

Funding for this project will ensure the toolkit can be implemented and rolled out across schools in Highland by the end of the current financial year (each school will generally use the toolkit for a period of 2 – 3 weeks throughout a single term each year). It is anticipated that the toolkit will save approximately 25kg of CO₂e per pupil per annum, based on data gathered from initial pilots of the software in Glasgow.

Semi-Rapid Electric Vehicle Charging Point, Dornoch - £20k

Following discussion with Transport Scotland, it was agreed that a fast electric vehicle charge point should be installed in Dornoch as part of the programme to provide a national network of EV chargers. In January 2016, a site was initially identified in the centre of Dornoch for a fast charger at a cost of over £10,000 which could recharge a vehicle in 4 hours. However, this location required to be changed to a more appropriate site within the town centre, and with recent technological developments, there is now the opportunity to provide a semi-rapid charger capable of recharging an electric vehicle in 1 hour. The cost of a semi-rapid charger is approximately £20,000. This would complement the other chargers

on the NC500, further alleviating range anxiety, and would match the semi-rapid charger being installed at the Falls of Shin visitor centre.

Corntown - Conon Bridge - Muir of Ord – Active Travel Link Feasibility Study - £5k

The need for a safe active travel link between the communities of Muir of Ord, Conon Bridge and Corntown is something that was recognised by Transition Black Isle's Million Miles project. The Million Miles team have been engaging with local communities to develop schemes since 2012 and noted that this link would meet the needs of the local community with strong backing from community groups (e.g. Muir of Ord Community Council, Ferintosh Community Council, Muir of Ord Community Association, and Dingwall Academy PTA). The demand for this project comes from the recognition that a safe, direct and attractive active travel link will increase opportunities for journeys made by bike / foot within communities that are only a few kilometres apart.

In order to progress this project, a feasibility study has been commissioned with its aims to objectively and rationally uncover the strengths and weaknesses of this proposed active travel link, the opportunities and threats which are present in the environment, the resources required to carry the project through, and ultimately the prospects for its success.

Carbon CLEVER Capital Programme – Application Assessment Criteria

Purpose

Applications will be invited from Council Services (potentially in collaboration with Community Planning Partners and other organisations) for capital support for projects under the following headings:

- i. Energy Efficiency Projects in Our Own Estate
- ii. Climate Change Adaptation Projects
- iii. Sustainable Transport Projects
- iv. Land Use, Food Growing & Allotments

Priority will be given to projects which help meet our Carbon Management Plan commitments, reduce carbon emissions, offer value for money (potentially through collaborative working with funding partners / Community Planning Partners), and demonstrate clear public benefit.

1. Key Criteria for Applications to the Carbon CLEVER Capital Programme

Criterion 1 – Carbon Reduction (High Weighting /10)

Projects must lead to a demonstrable reduction in carbon dioxide emissions in our own estate or within the wider Highland region. The application form should clearly identify the project's carbon reduction aims and how this will be measured.

Criterion 2 – Lead by example (Medium Weighting /5)

Projects should lead by example in maximising carbon emission reduction, and should be replicable by others.

Criterion 3 – Engagement (Medium Weighting /5)

Projects will be assessed on efforts to engage with staff and the wider community. It should be demonstrated in the application form that consultation has taken place prior to application, and a sample of those who are going to be directly impacted by the proposed project (if applicable) should be involved in the project's development.

Criterion 4 – Value for Money (High Weighting /10)

Projects will be assessed on value for money, and weighting will be given to projects which draw in or have in place additional or match funding, either from existing capital budgets or from partners.

Criterion 5 – Economic & Public Benefit (High Weighting /10)

Projects will be assessed on the economic benefit to the Highland Council and / or the wider Highland region that can be achieved through implementation of the project. Applications should provide clear projections of expected benefits.

Criterion 6 – Raise Awareness & Promote Behaviour Change (Medium Weighting /5)

Projects will be expected to have a sustainability legacy and positively influence a move towards low carbon behaviours within the organisation and / or the wider community.

1. Technical Assessment (pass or fail)

Applications must demonstrate that projects will lead to a reduction in carbon emissions and this will be a condition of funding.

As a capital grant fund, projects will only be eligible for funding if they concern: the acquisition or creation of a new asset; or the enhancement of existing assets. Projects must provide a benefit for a period of more than one year.

The technical assessment will enable a judgement to be made on the applicant's experience, track record and capacity to deliver the project. This will be assessed by Council Officers and will follow the single grant process requirements.

Proposed Capital Programme Allocation Categories

Energy Efficiency Projects in our Own Estate - £250,000

Energy efficiency projects help to reduce energy usage (and therefore carbon emissions) as well as ongoing revenue costs. This in turn assists the Council in meeting its commitments under the Carbon Management Plan, as well as the Climate Change (Scotland) Act 2009. Energy efficiency projects can also provide opportunities for income generation through Feed in Tariff / Renewable Heat Incentive.

Climate Change Adaptation Projects - £100,000

Adaptation projects will help ensure that Council buildings, assets and the communities of the Highlands are ready to adapt to the impacts of climate variability and change. For example, increased rainfall, wind and dry spells will put pressure on many buildings which may not have sufficient ventilation to cope with overheating / damp. In addition, transport can be disrupted by severe weather, with knock-on effects that interrupt flows of people & goods. Projects which increase resilience of transport networks can mitigate against this risk.

Adaptation projects can also help the Council benefit from opportunities arising from a changing climate, including longer, drier summers which can bring in more tourists, and increases in productivity of agriculture & forestry.

The Council is required to report on its climate change adaptation programme to the Scottish Government under its mandatory Public Bodies Climate Change Duties, and specific adaptation projects would demonstrate foresight and leadership.

Sustainable Transport Projects - £100,000

Sustainable transport projects, in collaboration with Community Planning Partners and transport authorities, will help reduce traffic throughout the region and therefore pressure on roads maintenance budgets. In addition, support for active travel and green infrastructure can help reduce grey fleet mileage and improve the health and well-being of staff, leading to a reduction in sickness absence & associated costs.

Land Use, Food Growing & Allotments - £50,000

The Council is required to develop and adopt a Food Growing Strategy in 2017, under the Community Empowerment (Scotland) Act 2015. Capital funding will help deliver projects in support of the legislation. Increasing availability of food growing spaces and green spaces benefits the surrounding built environment, whilst improving community cohesion – vitally important in building climate change resilience.