

Report to the Cabinet

Meeting to be held on Thursday, 8 July 2021

Report of the Head of Service Business Growth

Part I

Electoral Division affected:
(All Divisions);

Low Carbon Investment Projects

Contact for further information:

Andy Walker, Tel: 01772 535629, Head of Service – Business Growth,
andy.walker@lancashire.gov.uk

Executive Summary

This report seeks Cabinet approval for a programme of work and investment designed to properly understand and deliver carbon and cash savings across the buildings, assets and activities of the county council and the wider business community.

The investment package, worth £2.7m will include specialist research to identify energy savings options in council buildings, at White Cross and Lancashire Business Parks, the early implementation of low carbon technologies as exemplars at key development sites including Lancashire Central and Samesbury Enterprise Zone, and the installation of additional electric vehicle charging points at some of these locations.

This is deemed to be a Key Decision and the requirements of Standing Order C19 have been complied with.

Recommendation

Cabinet is asked to:

- (i) Approve the overall package of £2.7m low carbon investment, that aims to commit the majority of funds within the 2021/22 financial year with a spend profile over up to three financial years; and
- (ii) Authorise the Executive Director of Growth, Environment and Transport, in consultation with the Cabinet Member for Environment and Climate Change, to approve projects which are within the individual project budgets and where prior options appraisal work has taken place to inform delivery.

Background and Advice

In recognition of the risks to the UK and other countries, the UK was one of 195 countries to sign the Paris Agreement on climate change in 2015 and, on the advice of the Climate Change Committee, adopted a target of net zero greenhouse gas emissions by 2050. A transition to net zero will lead to a more sustainable economy and create opportunities for innovation and growth but implies significant change and the need to balance costs and benefits across different parts of society.

Full Council has debated Lancashire's approach to lower carbon emissions on a number of occasions recently. In February 2019, Full Council noted that in the county council's recently published Corporate Strategy, Lancashire County Council declared "we will protect the county's environment and climate by investing in flood defence, energy efficiency and waste recycling" and committed to working in partnership with councils, businesses, organisations and residents across the county to meet this challenge.

The Asset Management Strategy (Property) approved in February 2020 set out the objective that "Our premises will be managed to reduce energy consumption and reduce the carbon footprint of the council."

In December 2020, the county council adopted an ambitious carbon reduction and nature recovery resolution that seeks to 'transition the Lancashire economy away from carbon by 2030 and address the biodiversity crisis'. Emerging new duties for the county council in the Environment Bill complement the resolution. To help implement the new responsibilities, a programme of environmental improvement and carbon reduction activity across Lancashire was adopted by cabinet in March 2021.

Recent Activity and Progress

At a strategic level, the county council is working with partners to develop a robust evidence base for the emerging Greater Lancashire Plan including an environment commission to explore the various elements of decarbonisation in Lancashire and identify economic opportunities. The environment commission is looking at:-

- **Carbon Pathways** – a menu of actions to deliver ambitious local and national carbon reduction aspirations, including 'net zero' targets.
- **Renewables** - Provide a high-level update of the renewable energy potential of Lancashire, together with recommendations for strengthening the deployment of renewables.
- **A State of the Environment Report** - The report will use a suite of key indicators to assess the condition of the county's environment, together with an assessment of environmental change over the last thirty years since the pioneering first state of the environment report in 1991.
- **Resilience to Climate Change** – an assessment of Lancashire's vulnerability to climate change and how assets and infrastructure might be affected and mitigated.

Within the county council itself, recruitment is now taking place to strengthen the Growth, Environment and Planning, and Asset Management functions to lead on this important policy area for the authority. Some initial work is looking at county council owned sites, scoping these for potential solar power installations. This work has also been extended to work with some district councils including Rossendale, Pendle, West Lancashire, Hyndburn and Chorley.

Regionally, working with the Local Enterprise Partnership ('LEP') Board, Lancashire has become an integral part the North West Energy Hub funded by the Department for Business, Energy and Industrial Strategy. The hub provides a channel for government resource into the region and also some shared research and intelligence on how grant applications can be maximised and best used if won.

As part of the Energy Hub, Lancashire is managing the £1million North West Rural Community Energy Fund. This pays for feasibility studies and related capital developments for community run energy projects in local areas. So far, two projects in Lancashire have gained funding.

Solar Meadow – A 2MW solar array in Hyndburn. (with the possibility a similar project with Lanxess)

Chipping low carbon heat project – feasibility around getting Chipping off oil onto low carbon village wide heating network, also looking at 'fabric first' i.e. what energy efficiency measures can be introduced to reduce heat demand.

New Low Carbon Investment Proposals

Building on the activity set out above, officers recently conducted an expression of interest exercise for new programmes. Initially the total value of projects submitted was in excess of £30million, but there was a cluster of ideas around low carbon solutions and climate change, of which £2.7m is recommended to Cabinet in this report. These are set out in the table below and subsequent commentary.

LOW CARBON PROJECT	Options Appraisal £	Solutions Delivery £	Comment
Zero Carbon Retrofit Programme - LCC Buildings	75,000	-	Indicative figure as part of a demonstration project
Lancashire Zero Carbon Retrofit Grant Scheme - County wide retrofit programme		1,000,000	Mid-sized business to retrofit current buildings and units to be more carbon neutral
Samlesbury EZ - EV Charging Points on R & D plot	50,000	450,000	Working with ENWL to deliver on-site provision
Lancashire Central - Zero carbon exemplar opportunity study	50,000		Zero carbon exemplar opportunities for the Lancashire Central site
Solar Street Lighting Programme - New Street Lighting to be equipped with Solar charging	75,000		To be discussed with Highways Asset Management colleagues. Possible rural focus.

LCDL Business Park (White Cross) refurbishment and EV Charging Points	50,000	950,000	Introduce energy efficiency measures to existing buildings including possible air source heating. Consider solar/PV deployment Provide EV charging shared with local residents.
Total	£300,000	£2,400,000	

Zero Carbon Retrofit Programme - LCC Buildings

The Asset Management Service will lead this work stream in commissioning studies to identify mitigation projects that will provide measures that aim to limit or prevent emissions of greenhouse gases that cause climate change. It will build on the programme of works that have been funded by the Department for Business, Energy and Industrial Strategy public sector decarbonisation scheme and deliver reductions in the carbon load created through the use of energy to heat and power a building. Identified projects will form the basis of a future capital programme.

Lancashire Zero Carbon Retrofit Grant Scheme - County wide retrofit programme

There are currently three European Regional Development funded projects offering support to Small and Medium sized businesses to develop low carbon goods and services and to introduce energy/carbon efficiency measures.

The service includes:

- Site based energy audit
- Presentation of report detailing what they need to do
- Briefing around implementation of recommendations
- Support to implementation
- Quarterly monitoring

They award a maximum grant of £15,000 which the business must match fund.

- Approx. 75% of recommendations are implemented
- They usually set out a 3-5 year plan for implementation
- However, often the 'low hanging fruits' are achieved first
- Behavioural changes are hard to monitor
- Larger capital investments cannot be grant funded
- Often waste and transport is side-lined.

Augmenting and broadening the scope of these projects could address some key deficiencies across these programmes including encouraging business switch to Low carbon systems (heating)

Business switch to Low carbon systems (heating)

There is little support to enable this to happen with gaps around:

- **Knowledge:** No 'one-stop-shop' of impartial advice or assistance.
- **Finance:** The renewable heat incentive has now finished, and we don't know if or what will replace it.
- **Operational activity:** no visibility around successful technologies, how they operate, running costs, maintenance regime etc.
- **Peer support:** There are limited opportunities for businesses to see case studies or hear from other businesses who have managed to move to low carbon tech.

Support could be given to:

- A) Switching heating systems away from oil. This should be a priority as combusting oil is the most carbon intensive activity and therefore offers the opportunity of delivering the most carbon savings if transitioned to a low carbon alternative. Working with the National Farmers Union ('NFU'), rural business most likely to be off the gas network could be approached to discuss the potential for grant funds around low carbon alternatives to oil.
- B) Switching heating systems away from gas. Switching gas systems to low carbon alternatives did not qualify under the European Regional Development Fund grants, as the carbon savings for switching to Air Source Heat Pumps or Ground Source Heat Pumps are based on 2017 carbon grid intensity figures (considerably higher carbon intensity than today). Existing European Regional Development Fund energy audit recommendations for low carbon heating could be reviewed and businesses approached with the grant funding.

Samlesbury Aerospace Enterprise Zone

The project proposes to explore and potentially deliver Electric Vehicle charging points/facilities and network to part of the Samlesbury Enterprise Zone Site.

The project team is currently in the process of agreeing a zero-carbon technology scoping exercise for the site. Electric Vehicle charging capability forms a key ingredient to the site's zero carbon and sustainability objectives/ambitions.

It is the intention to explore opportunities for Electric Vehicle charging on the site either through a specific zone/car parking area and/or in liaison with existing/future occupiers. The study/feasibility will advise and inform the county council how best this investment can be made and applied to the site to receive maximum benefit. The county council will also explore any match funding/resourcing opportunities working with partners. The funding allocated by the county council will be used to invest in critical infrastructure and Electric Vehicle charging capability subject to budget provisions and viability.

As Cabinet is aware, the Samlesbury site is at an advanced stage of site preparation with multi contracting works being undertaken including extensive earthworks, site

clearance, utility infrastructure and drainage works alongside future plot preparation. It is the intention to provide services to "plot edge" to best provide for future development and future proof requirements. The potential opportunity is timely in that Electricity North West is currently providing, at its own expense a circa £7m, 23mva primary substation and cabling to the site. The substation is being supported by solar panel technology. It is important to extend discussions with providers at the earliest opportunity to maximise gain both practically and strategically.

The investment, if supported by Cabinet will be made in alignment with the delivery of key infrastructure on site and with cognisance of current and future occupier requirements. The expenditure profile will be further defined with envisaged spend in late 2021 and throughout 2022.

Lancashire Central, Cuerden

The project proposes to commission a Zero Carbon Technology Scoping Exercise & Strategy that will describe the forward looking regulatory, financial and reputational benefits in setting the level of ambition for energy efficiency / carbon reduction at Lancashire Central, Lancashire's largest employment site.

The site will attract blue chip companies, many operating in the logistics field, and the Strategy will set a Zero Carbon Vision in order to understand and maximise opportunities across a range of site, transport and end user operations, and in doing so aligning these ambitions with those of the high quality environment that Lancashire Central will deliver. The potential benefits will be articulated through International and National case studies considering 'exemplary' outcomes and 'best practice' and in doing so harmonise with a regional approach to energy and one that is consistent with the county council's zero carbon pathways.

The new Lancashire Central development will respond to international, national and local carbon reduction and net zero carbon commitments and offers the county council the opportunity to lead in developing a joined-up response to the generation, transportation of low/zero carbon energy regionally, its consumption, storage and generation on this mixed use development site.

The Zero Carbon feasibility work will explore the opportunity to showcase innovative and exemplary technologies at Lancashire's prime mixed-use employment site.

Solar Street Lighting Proposal

The Asset Management Service will lead this work stream in commissioning feasibility studies to identify suitable schemes for the installation of solar power street lighting. Identified projects will form the basis of a future capital programme.

Lancashire County Developments Ltd Business Park (White Cross) refurbishment and EV Charging Points

White Cross Business Park is a key asset for promoting growth and raising income for the county council. A recent review has suggested that improving the environmental credentials of the business park could make it more attractive to new

tenants, be well aligned with the clusters of specialist businesses on the park itself and deliver long term savings in operating costs.

A detailed feasibility study looking at energy use on the park has now been commissioned and there are already opportunities to consider piloting heating a new phase of office refurbishment using Air Source Heating as opposed to conventional boilers.

In addition, officers are working with tenants, other county council users and the Community Interest Company Charge My Street to install up to 16 electric vehicle chargers. Whilst these could be used by tenants to top up their cars and vans during the day, they could also offer an alternate charging point for local residents with no off-street parking in evenings and weekends. We are also investigating using one of the bays for the technology companies on site to use to test new technologies.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

Financial

Funding has been provided by the creation of a reserve at the 2020/21 financial year end. While commitments to the projects are expected to be made in 2021/22 the actual spend profile may be spread over up to three years subject to the delivery profile of each project. Where the projects are capital in nature and either create or enhance a county asset, the project will be included in the capital programme with the relevant contribution from the reserve to fund this, therefore there will be no borrowing or interest payments required .

List of Background Papers

Paper	Date	Contact/Tel
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None

Reason for inclusion in Part II, if appropriate

N/A