

COMMUNITIES, ENVIRONMENT AND HIGHWAYS SELECT  
COMMITTEE

TUESDAY, 9 MARCH 2021



## **CABINET MEMBER RESPONSE TO ALTERNATIVE BUDGET PROPOSALS**

### **Purpose of report:**

To provide feedback from the Executive on the budget proposals put forward by Jonathan Essex at the February 2021 budget meeting.

### **Introduction:**

Thank you for the opportunity to respond to the proposed budget amendment. We welcome Mr Essex's enthusiasm and energy for the decarbonisation agenda, but we believe that the amendment does not improve upon the approach we are taking in the budget proposals that were agreed by Council in February.

Across the agenda, we believe it is critical to ensure that the Council's money is used to maximum effect, leveraging Government, private sector and other partner funding wherever possible. It is with this in mind that we have committed £105m capital investment over the MTFS period to deliver on our Climate Change Strategy commitments, which includes low emission busses, materials recovery facility (MRF), local cycling and walking infrastructure improvements, and renewable energy installation amongst other key commitments. It also includes:

- £750k for energy efficiency and low carbon works to Council corporate estate, and
- £2.5m for creating a revolving zero carbon private sector landlord loan scheme.

In addition, the Council's budget includes an increase in officer capacity that will work across a range of disciplines to facilitate the decarbonisation of our transport network, organisation and estate.

These investments are targeted where they will have maximum effect and offer the greatest opportunity for leverage, as set out in response to the specific elements of the proposed amendment below.

### **Proposal 1.1: Dedicated Cycle Route Planner (2 No.)**

#### Budget Proposal and Impact

*2 dedicated Cycle Transport Planner posts, grade PS9 (one for East and one for West Surrey).*

**Total revenue cost impact £93k/year.**

**Response:** First, we'd like to provide a clarification on the point made in the amendment submission by Mr Essex, in respect of *"Having this resource last year could have more than paid for itself by avoiding Surrey losing out in the Active Travel Fund from central government by £1.2 million, around 12 times the average of all other councils."* This point is only relevant in terms of award for the first tranche of funding, and in fact, what has not been mentioned here is that for the second tranche we were in the top three award amounts for a county council with an allocation of £6.45m – full details of all allocations available at the following link: [Active travel fund: final allocations - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/614447/active-travel-fund-final-allocations-2021-22.pdf).

In respect of the amendment itself, a review of posts required to deliver our active travel and local cycling and walking infrastructure plan (LCWIP) priorities is being carried out as part of the transformation programme underway in the Environment Transport and Infrastructure (ETI) Directorate. These posts will include for cycle planner expertise, although we would aim to have posts that are multi-disciplined across transport expertise rather than have a singular focus. This is considered good practice to ensure efficiency, avoid duplication and silo working, and, achieve greater alignment of the multiple priorities that we need to deliver – including road safety, active travel and wider sustainable travel, for example.

In accordance with this review, we have already identified the need to increase the level of resource in this area, and on this basis, an increase in the revenue budget has been agreed to accommodate this growth, which includes increased Highways and Transport staffing of £0.4m in 2021/22 (see the pressures table in the Cabinet revenue budget Annex A pg9). In addition, we would also expect to utilise the opportunity of capital recharge to fund additional staff for the delivery of associated capital programme activities. This level of resource will of course be kept under review pending the completion of the latest Local Transport Plan and other Rethinking Transport activities.

### **Proposal 1.2: Safe Routes to Schools and support for 20mph low traffic neighbourhoods across Surrey**

#### Budget Proposal and Impact

*Expand Surrey's School Travel Team. Two additional Safe Travel Officers (grade PS8, £41k) = £82k.*

*Two additional Road Safety Engineers (grade PS9, £46.5k) to strengthen capacity for low traffic neighbourhoods and associated road safety improvements. = £93k*

**Total budget cost: £175k**

**Response:** As described above, we are looking at resource levels as part of the transformation of the Environment, Transport & Infrastructure Directorate, and an increase to the revenue budget has already been agreed to accommodate anticipated increases in staffing levels to deliver key agendas. We would again consider it good practice not to look at these activities in isolation, but rather creating roles that are responsible for a range of sustainable travel measures to provide for resilience and efficiency, and again, we would expect to review the need for further resource following completion of the latest Local Transport Plan and other Rethinking Transport Programme activities.

Also, as above, we would also expect to utilise the opportunity of capital recharge to fund additional staff for the delivery of capital programme activities.

### **Proposal 1.3: Electric Fleet Replacement Programme**

#### Budget Proposal and Impact

*Replace all vehicles with electric vehicles from 2021-22.*

*Increase capital budget cost by an average of £110k a year plus cost of installing additional electric vehicle charging points at three highway depots. This will be fully recovered by revenue cost savings.*

**Budget impact = £0, positive over the Medium-Term Financial Strategy (MTFS) period.**

**Response:** Decarbonisation of the Council's fleet is a key priority for the delivery of the Council's net zero carbon target. To this end, the Council has already launched a review of its vehicle provision, in accordance with the outcomes identified in the Climate Change Strategy for Surrey and the Rethinking Transport programme, and there will be a Green Fleet Manager employed to drive the sustainability of the Council's fleet. This review will determine the future requirements for vehicles and a replacement programme that shifts the Council towards an increased Electric Vehicle (EV) fleet is anticipated. This will necessarily be linked into the Council's move to more agile working as being developed under the Agile Organisation Programme and the Rethinking Transport Programme, which will in turn, determine the overall need for operational and grey fleet vehicles across the county council.

Alongside this, officers are working to develop a green procurement approach which will see the Council incentivising contractors to adopt similar EV fleet. On this basis, the intention is to review the budget requirement for the transition to an EV fleet after these reviews have progressed further, which should be in time for 2022/23 budget setting. The MTFS currently includes an annual capital budget of £0.15m for replacement of highway vehicles.

### **Proposal 2.1: Extend the Zero Carbon Buildings Programme**

**Revenue Budget impact:** 4% of £1.5m capital increase in 2021-22 = **£60,000.**

**Response:** The Council is committed to reducing emissions from our existing building portfolio as well as reducing emissions from new build developments through setting green building standards. Over the last six months, the energy consumption of the Council's existing corporate estate has been assessed by consultants and compared to Chartered Institute of Building Service Engineers (CIBSE) benchmarks in order to identify the biggest carbon emitting buildings to target. Consultants have also started to conduct high level feasibility studies into the measures we can put in place to mitigate the impact of these buildings, which were included in a successful bid to the Public Sector Decarbonisation Fund, resulting in an award of £1.6m for decarbonisation measures in our seven most energy intensive buildings (at no cost to the Council).

We have allocated £750,000 in the Capital pipeline for energy efficiency and low carbon works to the corporate estate (of which £550,000 is allocated for 21/22), and we are exploring the opportunity to match fund this with Salix funding to create a revolving energy fund to capture and reinvest savings on energy expenditure. Alongside this immediate work, we are rolling out further decarbonisation feasibility assessments of our existing building stock in order to seek further funding from Government and/or to fund ourselves where possible.

### **Proposal 2.2: Energy Retrofit and Renewable Energy every school in Surrey**

**Budget impact for 2021-22 = £314k, 2022-23 = £165k, 2023-24 = £129k.**

Indicative pipeline of implementation costs: c. £100 million.

**Response:** We absolutely recognise the need to support schools to decarbonise and to reduce energy expenditure to relieve revenue pressures and to meet our carbon reduction targets. However, the Council is not directly responsible for schools' spending decisions as once funds are allocated through the funding formula, the schools have responsibility for their budgets. This is the same for both academies and maintained schools, although the Council does have more oversight of monitoring the financial performance of maintained schools. As responsibility for

managing these budgets sits within the schools, the Council would not see the return on investment for any capital investment return to its General Fund. The programme would need to be structured to ensure that savings from reduced energy costs can be offset against the borrowing cost of the agreed interventions.

Schools, however, are eligible for interest-free capital finance from Salix Finance for decarbonisation measures, but many are not aware of this or do not have the resource or expertise to access this funding. We therefore believe that the most effective use of the Council's budget is to support schools to install decarbonisation measures funded by Salix investment. To proactively facilitate this investment, in the 21/22 budget, we have created a dedicated Schools Energy Engineer post. The purpose of this post is to support schools to identify suitable decarbonisation measures and to develop a positive business case, apply for funding from Salix and to support schools to procure certified installers (i.e. through the Council's Maintenance Frameworks). Investment grade audits can be capitalised and included within the funding request to Salix.

Further, the Council recently applied to, and were successful in obtaining funding from the Public Sector Low Carbon Skills Fund which has allowed us to commission decarbonisation feasibility studies at 25 of our largest carbon emitting schools – which will support the above investment.

### **Surrey Decarbonisation Fund**

It is clear that financing our carbon reduction activities will be one of our biggest challenges and that we need to be willing to try new and emerging funding models as well as more traditional approaches. We have built £0.3M into the revenue budget to fund the new Greener Futures team (staff and associated costs). We have also allocated £5M capital pipeline funding for large scale renewable energy array and £2.5M for creating a revolving zero carbon private sector landlord loan scheme to reduce carbon emissions from Surrey's hard to treat housing sector.

Officers are working with the Universities of Leeds and Surrey to develop the necessary funding mechanisms and business models that we will need to adopt in order to finance and deliver the carbon reduction activity that will be required to meet our challenging targets. This work is currently still being developed and will feed into our ***Climate Change Delivery Plan (2021-2025)***. In the interim, however, a Greener Futures Investment Multiplier programme is also being explored. This will be an overarching programme which draws in investments from numerous vehicles, including grant funding, private sector finance and community investment (ie crowd funding or community municipal bonds) to one pipeline of investible projects. These projects could include renewable energy, decarbonisation retrofit, zero emission infrastructure and/or natural capital etc. This approach would achieve multiple outcome benefits for Surrey's residents including: mitigating climate change

through carbon reduction, improving resilience to the changing climate, improving Surrey's biodiversity and air quality and investing in growing Surrey's green economy.

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