

CCAP Funding Strategy

Shared Approach to Funding the CCAP – SDC and WDC

The Councils are committed to exploring all reasonable options to fund their Climate Change ambitions. This means we are open to exploring innovative funding arrangements and to working in partnership with other public sector or private sector partners. This includes taking reasonable risks in investing in projects which deliver longer term benefits and potential income. We will seek to anticipate and be ready for grant funding opportunities where these align with our CCAP. In exploring options, the current and long-term financial stability of our organisations will always be paramount.

We recognise 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. However, through this strategy we will seek to utilise alternative funding sources as and when we can. The table below sets out the funding sources we will explore for the various types of cost that are likely to arise from the CCAP.

Sources of Funding	Proposed Focus	Comments
1 Direct Council Funding <ul style="list-style-type: none"> • SDC Climate Change Fund • WDC Climate Action Fund • Using established Service budgets in a way that addresses climate change 	<ul style="list-style-type: none"> • Investment in Council building assets • Investment in Council fleet vehicles • Staff resources to manage and deliver CCAP • Evidence and feasibility studies to develop projects and approaches • Project set up costs and match funding for grants • Community engagement and communications 	<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 Investment Programme; low carbon project delivery; green space and biodiversity delivery; etc)</p>
2 Government Grants <p>Examples include PSDF; LADs; Active Travel Grants; Regeneration/Levelling-Up and Town Centres; Innovation</p>	<ul style="list-style-type: none"> • Investment in Council building assets • Evidence and feasibility studies to develop projects and approaches • Project set up costs • Project delivery • Various initiatives relating to ambitions 2 and 3 	<ul style="list-style-type: none"> • Ensure we keep abreast of government priorities and initiatives • Many schemes need technical expertise for successful bid and all need staff time • Grants schemes are usually short deadlines so ensure we have pipeline of projects • Match funding may be required
3 Other grant schemes <p>WMCA CWLEP</p>	<ul style="list-style-type: none"> • Tree planting • Biodiversity 	<ul style="list-style-type: none"> • Unknown opportunities • May be important for some projects but they are an unreliable source

<p>Charitable trusts Business Sponsored grants</p>		<ul style="list-style-type: none"> • Often have specific scope which may not tie in with SDC priorities
<p>4 Private Sector Investments</p> <p>Examples</p> <ul style="list-style-type: none"> • Sponsorship • Private investments • Contractors 	<ul style="list-style-type: none"> • Sponsorship for high profile public projects and good causes (eg ebikes; tree planting) • Private investment for income generating projects (renewable energy; hydrogen hub; eBike schemes; EV charging) • Contractor contributions where consistent with Social Value requirements of contracts and/or where consistent with the company's corporate commitments 	<ul style="list-style-type: none"> • If private investment is used, the Councils should consider whether it (also) wants to invest to deliver a longer term income
<p>5 Borrowing</p> <ul style="list-style-type: none"> • PWLB 	<ul style="list-style-type: none"> • Upfront funding for major capital investments • Where an income can be achieved (over and above borrowing costs) which delivers Councils' aims, this may be a way of securing an income. • Examples: District heating; Hydrogen Hub; Solar farm investment 	
<p>6 Community Municipal Investment Bonds</p>	<ul style="list-style-type: none"> • Upfront funding for major capital investments • Where an income can be achieved (over and above borrowing costs) which delivers Councils' aims, this may be a way of securing an income. • Examples: District heating; Hydrogen Hub; Solar farm investment 	<p>Regulated by FCA In effect this is another form of borrowing but with two significant differences to PWLB</p> <ol style="list-style-type: none"> 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)
<p>7 Maximising impact by aligning our spending with public sector organisations</p> <p>For example working with WCC and Town and Parish Councils to lever their funding for mutually beneficial projects</p>	<ul style="list-style-type: none"> • Transport projects • Public sector retrofit and heating schemes • Local tree planting and biodiversity schemes • Local community energy efficiency projects • Local renewable energy generation projects 	<p>Mutual benefit for the whole public sector</p> <p>Will require some resource to communicate and coordinate efforts so that we are all aware of the opportunities</p>

<p>8 Community Infrastructure Levy</p>	<p>Can be used for low carbon infrastructure. Examples could include:</p> <ul style="list-style-type: none"> • Green space and biodiversity • Cycle and walking infrastructure • Low carbon public transport • Renewable energy supply infrastructure • Improvement to local service (carbon reduction criteria) 	<p>There are many competing demands for CIL.</p> <p>Carbon reduction should be a key criterion for the assessment of CIL scheme and give this significant weighting in decisions</p>
<p>9 Section 106</p>	<p>Can be used for low carbon infrastructure directly associated with new development: Examples could include:</p> <ul style="list-style-type: none"> • Green space and biodiversity • Cycle and walking infrastructure • Low carbon public transport • Renewable energy supply infrastructure • Improvement to local service (carbon reduction criteria) 	<p>Needs to be backed by clear evidence and policies that shows the direct link between new development and the infrastructure requirement</p>
<p>10 Carbon Offsetting Fund</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"> • Tree planting and other carbon sequestration • Retrofitting of existing homes and buildings 	<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>