

Scrutiny review scoping proposal

1 What is the review?

Financing and resourcing the Climate Emergency plan.

The Council's Climate Emergency strategy estimates that £3.92bn is required in capital expenditure, supported by additional revenue funding, in order to go carbon neutral by 2030¹.

In December 2016, the council committed to divest Southwark Pension Fund from fossil fuels, and more recently pledged that the fund would be carbon zero by 2030.

2 What outcomes could realistically be achieved? Which agency does the review seek to influence?

Outcomes

- The Council makes the most of externally available funds
- The Council utilises funds from development effectively (Carbon Offset funds, Community Infrastructure Levy (CIL) , Section 106
- Assurance that the Council has a pathway to achieve net zero and pension divestment by 2030
- That residents can use their savings to enable the Council to transition to net zero carbon through innovative municipal investment funds

Agency

- Cabinet
- Strategic Director of Finance and Governance / Pension Advisory Panel (responsible for the Pension Fund)

3 When should the review be carried out/completed? i.e. does the review need to take place before/after a certain time?

4 What format would suit this review? (e.g. full investigation, q&a with executive member/partners, public meeting, one-off session)

Full investigation

5 What are some of the key issues that you would like the review to look at?

Sources of public funding for retrofit and decarbonising the energy system including :

- Public Sector Decarbonisation Fund
- Social Housing Decarbonisation Fund

Sources of private finance including Council investment funds – e.g. Abundance ‘Community Municipal Investments (CMI)s’

<https://issuers.abundanceinvestment.com/council-climate-bonds>

Southwark Pension Fund, fossil fuel divestment and reinvestment in the green economy, including the commitment to ‘Make the council’s pension fund zero carbon by 2030’.

The Green Building Fund and the timely allocation of the considerable Carbon Offsets in this fund.

Launch of Southwark Green Finance

6 Who would you like to receive evidence and advice from during the review?

Cabinet Member for Climate Emergency and Sustainable Development

Cabinet Member for Finance, Democracy and Digital

Strategic Director of Finance and Governance

Friends of the Earth

Platform <https://platformlondon.org/divestinvest/>

Carbon Tracker <https://carbontracker.org/about/>

ShareAction <https://shareaction.org/>

Relevant financial institutions (Triodos / Abundance)

3ci

Green Finance Institute

7 Any suggestions for background information? Are you aware of any best practice on this topic?

Southwark's climate change strategy , plans and carbon analytics

Cllr Dennis Statement to Council Assembly on Climate Fi
<https://www.southwark.gov.uk/environment/cllr-dennis-statement-to-council-assem-finance-23-02-2022>

Climate Change Strategy and the summary as well as theAction Plan here:
<https://www.southwark.gov.uk/environment/climate-emergency/reaching-net-zero/c>

A technical report here:
<https://moderngov.southwark.gov.uk/documents/s99899/Appendix%20B%20Techr>

Local Authority good practice

Warrington Borough Council, which raised funds for a renewable energy project through community municipal bonds that could be purchased for as little as £5

by residents – <https://takeclimateaction.uk/climate-action/how-warrington-invested-renewable-energy-community-municipal-bonds>

Nottingham City Council, which raised millions for better public transport in the local area through its workplace parking levy - <https://takeclimateaction.uk/climate-action/how-nottingham-used-parking-levy-cut-congestion-and-raise-millions>

Learn how South Gloucestershire Council raised £1.5 million from a housebuilding levy to fund climate infrastructure improvements. Community Infrastructure Levy (CIL) <https://takeclimateaction.uk/climate-action/how-south-gloucestershire-council-raised-ps15m-housebuilding>

Reports on Council green finance:

<https://www.local.gov.uk/financing-green-ambitions>

<https://www.ukri.org/publications/mobilising-local-net-zero-investments/>

<https://www.greenfinanceinstitute.co.uk/news-and-insights/financing-net-zero-unlocking-investment-opportunities-supporting-local-transition/>

Example of pension funds investing in private markets:

<https://www.room151.co.uk/treasury/warrington-to-launch-75m-social-impact-investment-fund/>

<https://www.altanawealth.com/asip-overview>

Reports on Pension Fund divestment:

[Net Zero report](#) on how asset owners like pension funds can engage with their financial service providers

Reports on using council finance more effectively to transition:

Priority-based budgeting: This is a tool that the City of Pittsburgh used to free up \$23 million from its existing operating budget by changing the way it runs its accounts (they presented their initial work whilst I was at C40). I have attached a pdf. There is some more information available here: <https://the-atlas.com/projects/budgeting-for-climate--the-city-of-pittsburgh-repurposes->

[resources-for-a-sustainable-future-1698](#)

Climate budgeting: This is a method used by the City of Oslo (and now London) to integrate climate into the regular financial budgeting. There is more information available here: <https://www.c40knowledgehub.org/s/article/Oslo-s-Climate-Budget>

8 What approaches could be useful for gathering evidence? What can be done outside committee meetings?

e.g. verbal or written submissions, site visits, mystery-shopping, service observation, meeting with stakeholders, survey, consultation event

ⁱ The strategy says that :’Potential investment or funding streams include, but are not limited to, the council’s carbon offset fund, HRA funding, central government grants, revenue and capital funding from the GLA or TfL and various funding bids across the public, private and charity sectors. To put the scale of this challenge into context, Southwark’s revenue budget for 2021-22 was just over £293million. In addition to this, the Government also needs to invest in further decarbonisation of the grid.’