

North Yorkshire Council
Corporate Director Resources

01 April 2025

Revenue and Capital Funding Application to the Carbon Negative Challenge Fund (CNCF)

Report of the Assistant Director Environment and Transport

1.0 PURPOSE OF REPORT

- 1.1 To seek authority from the Corporate Director for Resources, in consultation with the relevant portfolio holders, to apply to the Carbon Negative Challenge Fund for a combined revenue and capital grant bid totalling up to £1,572,400, with associated match funding requirements (subject to bid acceptance).
- 1.2 To highlight match funding requirements totalling up to £724,600, of which £189,600 is from available sources and £535,000 is a current shortfall, requiring new funding.

2.0 BACKGROUND

- 2.1 The Carbon Negative Challenge Fund (CNCF) has been launched by the Mayor and the York and North Yorkshire Combined Authority. Through the Mayoral Investment Funds, the CNCF allocation is focused on supporting regional decarbonisation and seeks to follow on from the previous £7million funding allocated through the Net Zero Devolution Deal, albeit through a competitive bidding process.
- 2.2 The Mayoral Investment Fund CNCF seeks to support the development and delivery of projects that can help York and North Yorkshire become England's first carbon negative region. The goal is for projects to be innovative, look to trial new technology, be a demonstrator that others can replicate or to support projects that will enable systems change across the region. It is not focused on passporting funding to the Local Authorities and instead is seeking applications from all organisations in the region who have projects with a community, business or regional focus.

3.0 CARBON NEGATIVE CHALLENGE FUND (CNCF)

- 3.1 The CNCF Call for Projects seeks to fund pilot approaches to decarbonisation that will inform future approaches and open pathways for the region to reach carbon negative by 2040. The Fund will support the development and delivery of projects that can unlock carbon savings, increase carbon sequestration, and support climate Adaptation.
- 3.2 Projects must be innovative in nature; for example, trialling new approaches or technology, serving as a "demonstrator" project that others can be replicated, or projects that will enable systems change across the region. This is intended as the most impactful way that this fund can deliver for the region's ambition to reach carbon negative.

- 3.3 The open call for projects that are being invited to primarily deliver projects in 4 key challenge areas:
- Scaling Up Sustainable & Regenerative Agriculture
 - Retrofit Finance and innovative approaches to place-based heat decarbonisation
 - Community Energy and Circular Economy Demonstrators; and
 - Innovative approaches to increase carbon sequestration in marine and coastal areas
- 3.4 The initial call for projects is earmarked for £5m in the initial funding round split between revenue and capital projects. These projects will deliver up to Autumn 2027. If the fund receives quality submissions, then it could allocate more funding up to a maximum of £8m.
- 3.5 Grants are available to public and private sector bodies operating within York and North Yorkshire, who are wanting to develop local net zero projects. Bodies include:
- Local Authorities and other public sector organisations
 - Community Groups
 - Charities
 - Businesses
 - Collaborative applications (i.e. with more than one applicant) are welcomed

4.0 CNCF APPLICATION PROCESS

- 4.1 The application process for Capital applications is following a 2-step process. This first requires a Pre-applications/Expressions of Interest (EOI) process whereby interested organisations submit an EOI.
- 4.2 This EOI is then reviewed by the Combined Authority and if passed, is permitted to progress to the Detailed Application Stage. At this point finalised funding and associated match funding is required to be confirmed.
- 4.3 The deadline for EOIs is the 21 March 2024, with full applications expected to be completed by end of May 2025.
- 4.4 The application process for Revenue applications is a single step process, with full applications required to be submitted by the 4 April 2025 deadline and associated match funding confirmed by this deadline.

5.0 MAXIMUM FUNDING AND MATCH FUNDING REQUIREMENTS

- 5.1 Within the CNCF Funding program there are maximum funding amounts and match funding requirements as follows:
- **Revenue (80/20):** Up to 80% funding for revenue project but will require 20% match funding for total project cost. Maximum 50% in-kind match is permitted.
 - **Capital (60/40):** Up to 60% for capital projects but will require 40% match for the total project cost. Maximum 10% in-kind match is permitted.
- 5.2 Match funding is permitted to be made up of in-kind officer time, internal funding sources and funding from other sources such as government grants or external funding (not previous Y&NYCA funding).

6.0 NORTH YORKSHIRE COUNCIL APPLICATION

- 6.1 The Climate Change Business Partners have been working across the organisation to identify and support bids to the CNCF. A mixture of Revenue and Capital bids have been developed from across a variety of services including Leisure, Procurement and Highways as shown:

TABLE 1.0: NYC CARBON NEGATIVE CHALLENGE FUND BIDS

Project Name	Brief Description	Lead Service	R E V / C A P	MATCH FUNDIN G REQUIR EMENT	Total Project Cost (£)	CNCF Bid (£)	Match Funding Require d (£)	Source of Match Funding (£)			Carbon Savings/ Financial Savings or Benefit to NYC
								Available Match	Existing Source	Shortfall	
NYC Leisure centre decarbonisation (multiple leisure centres)	Solar PV & other decarb for NYC Leisure Centres: 12 sites	Leisure Service & Property + (ALIGN)	C A P	60 / 40 Max 10% in- kind officer time	1,300,000	780,000	520,000	-	-	520,000	CARBON SAVING: Emission reduction ~200(tonnes/CO2e) per year. Energy Savings (£) per year- TBC across 12 sites Potential Return on Investment: 8-10 years
Community Climate Action Fund	Community Climate Action Grants programme- providing grants to community groups to support climate action	Climate Change	C A P		384,000	300,000	84,000	84,000	FROM COMMUNITY APPLICATIONS		Community Buildings Carbon Savings. Match funding from community grant applications.
North Yorkshire Highways (NYH) & Connected Safety Net's Carbon Counting and Planning tool	Carbon Quantification Tool for Highways Programmes. Useful to provide assurance to Highways England for Highways funding allocations.	NYC Highways and Highways Service	R E V	80 / 20 Max 50% in kind office time	100,000	80,000	20,000	5,000	OFFICER TIME IN-KIND	15,000	FUNDING: Quantifying Carbon is a requirement of Highways England to secure ongoing Highways England Funding. CARBON SAVING: Quantifying Carbon for Highways maintenance- exploring ways to reduce it through alternative aggregate etc
North Yorkshire Active School Streets	Walking/Cycling/Active Travel schemes targeting school drop off and pick up (to reduce AQ and congestion	Active Travel & Climate Change	R E V		158,000	126,400	31,600	31,600	ACTIVE TRAVEL GRANT		Air Quality benefits and positive youth engagement

Northallerton Heat Network Feasibility	Funding to further build on both LAEP and Heat Network Zoning pilots to allow a more detailed study and to include Northallerton County Hall- opportunity for government funding	Climate Change	R E V		20,000	16,000	4,000	4,000	OFFICER TIME IN-KIND		Opportunity for further funding through GHNF or Heat Network Zoning
Supply chain decarbonisation (broaden focus outside of NYC)	To develop our scope 3 emissions to support NYC to decarbonise its supply chain. Builds on an initial pilot currently (Net Positive Futures)	Procurement & Climate Change	R E V		125,000	100,000	25,000	25,000	BEYOND CARBON BUDGET + IN-KIND OFFICER TIME		Scope 3 emissions quantification. Key action in Climate Change Action Plan
Solar Together	Discounted Solar PV scheme for householders.	Housing	R E V		150,000	120,000	30,000	30,000	HOUSING SERVICE		Supports NYC residents. Positive Comms opportunities for Exec.
Decarbonising Care pathways	A programme to develop an approach to decarbonising the provision of social care interventions.	Property (HAS)	R E V		60,000	50,000	10,000	10,000	HAS SERVICE		Care Home Decarbonisation. Potential energy savings (££)
			T O T		£2,297,000	£1,572,400	£724,600	£189,600		-£535,000	
			R E V		£613,000	£492,400	£120,600	£105,600		-£15,000	
			C A P		£1,684,000	£1,080,000	£604,000	£84,000		-£520,000	
					TPC	CNCF Bid	Total Match Req.	Available Match		Shortfall	

6.2 In summary:

- The total project costs for the North Yorkshire Council CNCF bids total £2,297,000
- Of this, a total CNCF bid of up to £1,572,400 is proposed (subject to bid acceptance).
- In line with the grant funding criteria and differing match funding requirements for the revenue and capital bids differ (80/20 Rev & 60/40 Cap). The total required match funding therefore required is £724,600.
- Of this amount, £189,600 is available through existing funding sources such as in-kind officer time, beyond carbon funding and existing grants previously secured.
- This leaves a 'shortfall' of £535,000 which would require 'new' match funding to fulfil the obligations of the total CNCF bid.

7.0 BENEFITS OF CNCF BIDS TO COUNCIL

7.1 The Carbon Negative Challenge Fund, not only presents an opportunity to support the mayor in delivering regional decarbonisation. The funding opportunity also enables North Yorkshire Council to reduce its own carbon footprint, to support communities and to facilitate community climate action. All of which supports North Yorkshire Council in its delivery of its own Climate Change Strategy.

7.2 It is well known that Climate action can help local authorities save money in multiple ways by fostering sustainable practices and reducing future risks and costs. Through the bids developed there is a focus on both financial savings and carbon savings in addition to wider co-benefits, for example:

- **Energy Efficiency:** Retrofitting public buildings with energy-efficient systems, such as LED lighting and solar panels, lowers energy bills and reduces long-term operating expenses. This energy saving provides a return on investment and a repay back period of approximately 7-15 years, depending on energy usage and solar panels effectiveness.
- **Improved Public Transport:** Investing in sustainable transportation systems, like electric buses or bike-sharing schemes, can reduce maintenance costs for road infrastructure caused by heavy car traffic.
- **Green Infrastructure:** Introducing parks, green roofs, and permeable pavements improves water management, reduces urban heat island effects, and lowers the costs of flood repairs or extreme heat responses.

7.3 The NYC Capital bids such as the Leisure Centre Decarbonisation bid, are expected to deliver both financial savings through energy efficiency measures as well as carbon savings as a result of the climate actions being taken. It is projected to save in excess of 210 tonnes of Carbon per year and deliver financial savings which provides a return on capital investment (match funding).

7.4 The NYC revenue bids whilst not delivering carbon savings or financial savings direct to North Yorkshire, deliver community climate action or support to key areas outside of the council which provide positive comms opportunities and visible delivery of climate action supported by the Council. So, a duality to our climate change delivery, providing both internal operational decarbonisation alongside positive external community climate action.

8.0 FINANCIAL IMPLICATIONS

8.1 The report requests approval to submit an application to the Carbon Negative Challenge Fund for a combined revenue and capital grant totalling up to £2.032m, with associated match funding requirements in line with the Council's governance process for grant applications. The application is split and summarised in the table below:

	Grant requested £	Match funding in place £	Additional Match funding required £	Total £
Capital	1,080,000	84,000	520,000	1,684,000
Revenue	492,400	105,600	15,000	613,000
Total £	1,572,400	189,600	535,000	2,297,000

8.2 The existing match funding in the table above is through previously issued government grants, officer in-kind time or existing sources within department budget. The details of this funding for each bid are contained in the table in section 6, Table 1.0.

8.3 Depending on how many applications are successful, there is a shortfall of up to £535,000 which would be required to be funded by North Yorkshire Council. It is proposed that this is met by the Council's maintenance budget.

8.4 If successful, a further report would be brought forward for a decision on the acceptance of any grant offered in line with the Councils financial governance processes.

9.0 LEGAL IMPLICATIONS

9.1 In line with Corporate Governance procedures and Financial Procedures Rules, the approval levels for grant applications is to be followed. Further governance procedures will need to be followed in accepting any grant in line with these same Financial Procedures.

10.0 REASONS FOR RECOMMENDATIONS

10.1 Authorisation to submit a bid on behalf of North Yorkshire Council is recommended because:

- It allows North Yorkshire Council to secure funding in support of its own operational decarbonisation and in support of community climate action.
- It will fund 60% of capital project costs for projects and 80% of revenue project costs, which currently do not have a clear source of funding.
- Projects will enable key areas such as Highways, Leisure Centres and Procurement to progress decarbonisation projects in support of the North Yorkshire Climate Change Strategy and Delivery Pathway alongside actions identified in the Directorate Action Plans.

11.0 RECOMMENDATION(S)

11.1 That the Corporate Director – Resources approve the submission of the bid totalling £1,572,400. This being made up £492,400 Revenue and £1,080,000 Capital.

11.2 To authorise the commitment of match funding totalling up to £724,600 (subject to bid acceptance), of which £189,600 is from existing sources and to note the match funding shortfall of up to £535,000 is proposed to be met from the Council's maintenance budget.

11.3 To note that if the application is successful, a further report will be brought forward in line with the Council's governance process.

Michael Leah
Assistant Director, Environment and Transport
Environment
County Hall
Northallerton

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Presenter and Report Author – Shaun Berry, Head of Environment & Sustainability