

# CABINET

## Public Sector Decarbonisation Scheme: Phase 3c 12 September 2023 Report of Chief Officer – Planning and Climate Change

PURPOSE OF REPORT				
To seek approval to apply for and accept Public Sector Decarbonisation Scheme (PSDS) funding, should an offer be made and utilise £1M allocated capital programme as a contribution, in line with grant criteria. To delegate the award of contract for such works to the Chief Officer of Planning and Climate Change.				
Key Decision	<input checked="" type="checkbox"/>	Non-Key Decision		Referral from Cabinet Member
Date of notice of forthcoming key decision	18 July 2023			

### RECOMMENDATIONS OF Cllr Gina Dowding

- (1) To apply for “PSDS3c” funding to decarbonise four of the council’s civic buildings when the Salix portal opens in Autumn 2023 (date TBC).
- (2) To accept a funding offer, should the PSDS3c bid be successful.
- (3) To utilise £1M of Property Decarbonisation funding in the 22/23 – 27/28 capital programme as a contribution and adjust the programme in line with the deliverables.
- (4) To delegate authority for the Award of Contract for Property Decarbonisation works to the Chief Officer for Planning and Climate Change

#### 1.0 Introduction

- 1.1 In January 2019, the Council declared a climate change emergency. The Council’s priorities include the theme of ‘Taking action to meet the challenges of the climate emergency’.
- 1.2 The council has approved a Building Energy Decarbonisation Plan (BEDP) to meet net zero 2030 targets. The programme assumes a transition from natural gas to electrically powered heat pumps, solar PV and retrofit improvements to building fabric.
- 1.3 In 2021/22 the council received funding through the Public Sector Decarbonisation Scheme (Phase 1) to decarbonise Salt Ayre Leisure Centre. The scheme was centred around replacing gas boilers with decarbonised heating solutions, solar PV and also included building fabric upgrades.
- 1.4 A £1M underspend from the Salt Ayre Project was reinvested across 10 of the council’s

buildings and a range of work was undertaken to help reduce energy consumption. This included a mixture of rooftop solar, secondary glazing, LED lighting and BMS upgrades. City Lab, Palatine, Morecambe Town Hall, Lancaster Town Hall, White Lund Depot, Ryelands House, Old Fire Station, The Platform and Museums benefited from this work.

- 1.5 Since the launch of the first phase of PSDS funding, a further three have followed (PSDS2, PSDS3a, PSDS3b). Each time, eligibility and criteria has changed.
- 1.6 In October 2022 officers submitted a PSDS3b bid to decarbonise the heating systems at Williamson Park, Palatine Hall, The Storey, City Lab and Morecambe Town Hall. All sites have gas boilers that either have, or are reaching, end of life. The bid included rooftop solar at Morecambe Town Hall.
- 1.7 The total value of the work was £5.12M. Cabinet approved and included a £2.43M Building Decarbonisation budget in the capital programme to provide a contribution, in line with grant criteria. Unfortunately, the bid was unsuccessful.

## **2.0 Proposal Details**

- 1.2 In July 2023, Salix finance announced PSDS3c funding. The portal is expected to open in Autumn (date TBC at the time of report writing).
- 2.2 Officers wish to resubmit the application and have prudently selected sites that would benefit the most from the available funding, generate the largest CO2 savings and reduce the council's financial contribution.
- 2.3 Sites include Williamson Park, The Storey and City Lab. Palatine Hall has been excluded due to a new long-term lease and Morecambe Town Hall excluded due to low gas usage and remaining lifespan of the existing boiler.
- 2.4 The new bid will require a £1M capital contribution, rather than the full £2.43M originally budgeted. Available PSDS funding would be £2.8M, taking the total value of the work to £3.8M.
- 2.5 The decarbonisation of the three sites would generate an equivalent CO2 reduction of 400 tonnes per annum (tCO2e) and over 8,000 tCO2e over the life of the heat pumps. This represents 45% of the remaining corporate buildings and a combined reduction of over 1,000 tCO2e per annum since the completion of work at Salt Ayre Leisure Centre in 2022.
- 2.6 The work is expected to take two years to complete (24/25 – 25/26), with procurement, design and planning in year one and delivery in year two.
- 2.7 Officers are seeking approval to apply for PSDS3c funding and accept an offer, should one be made. This would also include reprofiling the capital programme in line with the new funding timescales and delegate the award of contract to the Chief Officer of Planning and Climate Change.

### 3.0 Details of Consultation

3.1 The Climate Emergency Projects team have been working in collaboration with Property Services.

### 4.0 Options and Options Analysis (including risk assessment)

	<b>Option 1: Approve</b>	<b>Option 2: Reject</b>
Advantages	Supports the council's climate emergency, reducing CO2 emissions from natural gas by 400 tonnes per annum. Delivers on the approved and published Building Decarbonisation Plan.	Capital saving. Lower CAPEX required for gas boiler replacements.
Disadvantages	Significant capital contribution required and subsequent impact on revenue (see financial implications).	Does not support Climate Emergency ambition.
Risks	Higher CAEPX costs. Original cost estimates were provided in 2022. Current estimates include a contingency. Project costs will be known be on completion of Y1 work package.	None

### 5.0 Officer Preferred Option (and comments)

5.1 To apply for and accept PSDS3c funding, should an offer be made and delegate the award of contract to the Chief Officer for Planning and Place.

#### **RELATIONSHIP TO POLICY FRAMEWORK**

The project links to the following priorities and cross-cutting themes:

- Net zero carbon by 2030 while supporting other individuals, businesses, and organisations across the district to reach the same goal.
- Increasing the amount of sustainable energy produced in the district and decreasing the district's energy use.

#### **CONCLUSION OF IMPACT ASSESSMENT**

**(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)**

Climate – As set out in the report

#### **LEGAL IMPLICATIONS**

By virtue of the General Power of Competence under s1 Localism Act 2011 the Council has the power to do anything that individuals may do and can therefore apply for grant funding and subsequently enter into any form of agreement regarding such funding. Legal Services will be able to assist in respect of any contracts or legal agreements relating to any funding in respect of this matter in the future to ensure that the same are suitable.

## **FINANCIAL IMPLICATIONS**

The approved general fund net capital programme includes £2.43M (profiled £0.487M 23/24 and £1.946 24/25) to contribute towards the decarbonisation of council properties. Should a PSDS funding bid be successful £1M of this could be made available for the de-carbonisation of the sites set out in the report. This will need to be reprofiled across 24/25 – 25/26 should the bid be successful. Once the first procurement, design and planning work package has been completed in 24/25, a review will be required to check that costs remain in line with the current £1M estimate although there is an element of contingency built into this figure. There is some risk that costs may increase above this amount. Members may wish to retain a proportion of the original £2.43M allocation to guard against this risk.

The revenue impact of the cost of borrowing £2.43M over 20 years is already built into the Council's Medium Term Financial Strategy and there may now be opportunity to reduce these costs if only £1M is utilised.

## **OTHER RESOURCE IMPLICATIONS**

The project will be delivered by the Climate Emergency team in collaboration with property services and Premises Managers where appropriate.

## **SECTION 151 OFFICER'S COMMENTS**

The s151 Officer has been consulted and would draw Members attention to the comments given within the Financial Implications.

## **MONITORING OFFICER'S COMMENTS**

The Council's Financial Procedure Rules provide for external grant funding applications and subsequent acceptance. Whilst there is already a delegation to officers, in consultation with the relevant cabinet members, to bid for funding, acceptance is still subject to Cabinet approval if the funding falls within the Budget & Policy Framework. It is therefore prudent to obtain the permissions sought in this report at this stage as, historically, timescales for acceptance of funding when granted are often tight.

## **BACKGROUND PAPERS**

[Building Energy Decarbonisation Plan](#)

[2022 Cabinet Briefing Note PSDS3b](#)

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